

27. Consumers that read the passages may no longer desire to attend a course wherein the material has been freely given to them. Revealing the course work's questions ahead of time irreparably damages the entire process for the consumer.

28. Individuals who have signed up for participation in the NXIVM course have canceled their registrations as a direct result of the dissemination of the copyrighted materials.

29. The copyrighted questions are designed to be answered without knowledge of the next question. Knowledge of the next question compromises and alters the answer to the current question.

30. As a result of the publication and dissemination of the copyrighted materials, NXIVM is currently losing \$10,000.00 per day in revenue.

31. During the week of August 11, 2003, NXIVM has been called by FORBES magazine who, upon information and belief, is contemplating running a magazine article that, upon information and belief, may contain the copyrighted material.

32. MSNBC has run a news story based on defendants acts which falsely portrays the copyrighted work.

33. Defendant, Rick Ross, is falsely portraying the copyrighted material and making false statements in the press, including the MSNBC news story. Goldie Hawn, a world-renown celebrity, who was to be the speaker at a forthcoming meeting convened by NXIVM, which information was not widely known or publicized by NXIVM, but only known amongst a small number of individuals, has cancelled her appearance (annexed hereto as Exhibit J).

34. NXIVM has lost a 4 year veteran Principal Coach due to the recent publicity surrounding defendants' acts.

35. NXIVM is currently building a 75,000* square foot facility in upstate New York, where it will center all of its programs, executive offices, and staff, which staff now number in excess of three hundred. The local, Clifton Park, Community News is running news articles propagating defendants false characterizations of the work which is creating a local furor over the building of their facility.

36. NXIVM requests a \$15 million building project on September 1st, 2003, be placed on the town's agenda. The unlawful dissemination of copyrighted materials and misrepresentations about them standing without legal resolution could likely result in NXIVM's project not being on the agenda. The delay would most likely cost an extra \$1.5 million.

37. NXIVM's copyrights are based on the theory and practice of Rational Inquiry™. This practice involves analyzing and optimizing how the mind handles data. It involves mathematical set theory applied in a computer programmatic fashion to processes such as memory and emotion. It also involves a projective methodology that can be used for optimal communication and decision making.

38. Today, NXIVM trains business managers and chief executives of nationwide companies and managers of state agencies with up to forty business professionals, earning upwards of a million dollars per year at any one time participating in the program at one of the NXIVM training sites. Included in its business training have been CEOs, state commissioners, the leader of the largest business restructuring firm in the world, and the former first lady of Mexico.

39. Upon information and belief, at least one defendant, Rick Ross, has a \$4,000,000.00 judgement against him (annexed hereto as Exhibit F) which has not been satisfied and is

insolvent, thus, monetary damages will not provide an adequate remedy.

40. Plaintiffs will suffer irreparable harm by the actions of defendants Rick Ross, The Ross Institute, Paul Martin, and Wellspring Retreat, Inc. and Stephanie Franco and have no adequate remedy at law.

**CAUSE OF ACTION FOR COPYRIGHT VIOLATIONS AGAINST THE
DEFENDANTS, PLAINTIFFS STATE AND ALLEGE THE FOLLOWING:**

41. Plaintiffs repeat, reiterate and re-allege each and every allegation contained in paragraphs of this complaint designated "1" through "40", inclusive with the same force and effect as if hereinafter set forth in full.

42. On or about August 1, 2003, the copyrights entitled *12-POINT MISSION STATEMENT, TRIBUTE* (annexed hereto as Exhibit E), *WORK AND VALUE, RULES AND RITUALS* and *FACE OF THE UNIVERSE* were filed using special handling procedures to expedite registration with the United States Copyright Office.

43. On August 18, 2003, a call was placed to the United States Copyright Office to determine the status of the registrations. The copyrights were determined to be received on August 11, 2003 and in process by the Copyright Office. The Copyright faxed to plaintiff's attorneys on August 20, 2003 the Copyright registrations.

44. NXIVM corporation owns all right, title and interest in the copyrights entitled *12-POINT MISSION STATEMENT, TRIBUTE, WORK AND VALUE, RULES AND RITUALS* and *FACE OF THE UNIVERSE*.

45. NXIVM is the exclusive licensee of the patent pending technology underlying the copyrighted works entitled *12-POINT MISSION STATEMENT*, *TRIBUTE*, *WORK AND VALUE*, *RULES AND RITUALS* and *FACE OF THE UNIVERSE*.

46. The protected materials contained copyright notification pre-printed on all pages of the protected materials.

47. Defendants, Rick Ross and the Ross Institute, acknowledged access to the copyrighted works in a July 29, 2003 Albany *Times Union* article and on the websites of defendants Rick Ross and The Ross Institute by stating they had obtained the copyrighted works of plaintiff.

48. Despite knowing that the protected materials that it obtained were copyrighted, defendants Rick Ross and The Ross Institute obtained and utilized the copyrighted materials for their own commercial purposes and disseminated the copyrighted materials to defendant Paul Martin and the Wellspring Retreat, Inc. who, upon information and belief, was paid by or through Rick Ross and/or The Ross Institute to utilize, analyze and then disclose the protected materials or select portions of the protected materials of plaintiffs.

49. Defendant, Paul Martin, had access to *12-POINT MISSION STATEMENT*, *TRIBUTE*, *WORK AND VALUE*, *RULES AND RITUALS* and *FACE OF THE UNIVERSE* through Rick Ross and The Ross Institute.

50. Defendant, Paul Martin, obtained commercial benefit in obtaining the protected materials and disseminating the protected materials on the Internet through Rick Ross and The Ross Institute to market themselves to the public.

51. Defendant, Paul Martin, has specifically acknowledged that he had access to, obtained and utilized the plaintiffs' protected materials, which was done in violation of the copyright laws and prepared and issued two written reports which utilized the copyrighted materials by preparing a derivative work of the contents of the copyrighted materials, and then provided said written report on the protected materials to The Ross Institute and Rick Ross which detailed these distortions on the Internet.

52. Rick Ross and The Ross Institute, aware that the plaintiffs' materials were protected by copyright and confidential agreements, disseminated the Martin articles, *A Forensic Psychiatrist Evaluates ESP* (annexed hereto as appendix G), *Robert Jay Lifton's Eight Criteria of Thought Reform as Applied to the Executive Success Programs* (annexed hereto as Appendix H); and *A Critical Analysis of the Executive Success Programs, Inc.* (annexed hereto as Appendix I) that defendants Rick Ross and/or The Ross Institute, upon information and belief, had obtained on its website for distribution on the Internet to obtain commercial benefit.

53. The defendants copying is substantially similar to the copyrighted materials.

54. Defendants, The Ross Institute, Rick Ross, Paul Martin, Ph.D. and The Wellspring Retreat, Inc., individually and collaboratively, published portions of plaintiffs' copyrighted materials.

55. That defendants willfully and knowingly utilized and published copyrighted materials of plaintiffs in full violation of the copyrights of plaintiffs.

56. That the above actions of defendants were in direct violation of 17 U.S.C. *et seq.*

**AS AND FOR A SECOND CAUSE OF ACTION AGAINST THE DEFENDANTS,
PLAINTIFFS STATE AND ALLEGE THE FOLLOWING:**

Interference with Contractual Relations (Pendent Claim)

57. Plaintiffs repeat, reiterate and re-allege each and every allegation contained in paragraphs of this complaint designated "1" through "56", inclusive with the same force and effect as if hereinafter set forth in full.

58. That, at all times relevant hereto, the confidentiality agreement between defendant Stephanie Franco, and plaintiff NXIVM, was a legal and binding agreement between defendant Franco and plaintiff NXIVM.

59. Defendants caused Stephanie Franco to breach the agreement in numerous and varied substantial ways including, but not limited to, providing defendants Rick Ross and/or The Ross Institute with a copy of plaintiffs' protected materials.

60. Upon information and belief, Defendant Stephanie Franco, knowingly and wilfully in violation of her contract with plaintiffs, induced defendants, The Ross Institute and Rick Ross, to publish the copyrights of Plaintiffs.

61. All enrollees in NXIVM are required to sign a Confidentiality Agreement agreeing to respect the confidentiality of the materials made available or provided to enrollees, and accede to the issuance of an injunction against the dissemination of those materials.

62. Upon information and belief, Defendant, Ross Institute and Rick Ross, were individually or collectively paid to obtain the copyrighted materials of plaintiff.

63. Defendants, Rick Ross, The Ross Institute, and Paul Martin, have conspired each with the other to violate plaintiff's copyright, and utilize the proprietary materials of plaintiffs to cause a third party, Stephanie Franco to breach a confidentiality agreement.

64. Defendants, Rick Ross and The Ross Institute, obtain commercial gain using the protected materials to attract consumers and buyers to their website to purchase and utilize services and materials of The Ross Institute, Rick Ross and Paul R. Martin and to obtain national media coverage.

65. Plaintiffs will be irreparably harmed by the utilization of its protected materials and information by defendants.

66. That by reason of the foregoing, the plaintiffs have sustained substantial damages for breach of contract.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs request:

1. A trial by jury at which may be determined, an accounting along with other measures of damages and relief:

- a. the damages resulting from lost profits owing to the acts and conduct of Defendants alleged in this complaint;
 - b. the damages to the good will and reputation of Plaintiff owing to the acts and conduct of Defendants alleged in this complaint;
 - c. the damages resulting from the loss of customers of NXIVM owing to the acts and conduct of Defendants alleged in this complaint;
- and

- d. the damages resulting from statutory damages, wilful damages and attorneys fees owing to the acts and conduct of Defendants alleged in this complaint.

2. A permanent injunction issue restraining Defendants tortiously interfering with Plaintiffs contractual relations.

3. A permanent injunction issue restraining defendants, and any person in concert or participation with it or acting at its direction or control, from directly or indirectly infringing any of the copyrights of NXIVM Corporation, including, but not limited to, *12-POINT MISSION STATEMENT, TRIBUTE, WORK AND VALUE, RULES AND RITUALS*, and *FACE OF THE UNIVERSE* in any manner, including, without limitation, by printing, creating electronic versions of, posting copies on the Internet, otherwise reproducing, creating derivative works (including translations), displaying, manufacturing, printing, reprinting, publishing, vending, taking orders, distributing, gifting, transferring, selling, licensing, promoting, advertising, or otherwise exploiting any infringing copies of NXIVM Corporation including, but not limited to, *12-POINT MISSION STATEMENT, TRIBUTE, WORK AND VALUE, RULES AND RITUALS*, and *FACE OF THE UNIVERSE* (or any version or portion thereof), or by causing or participating in any such acts.

4. Requiring Defendants to: (a) immediately recall from all of its customers, contacts, site viewers, and any other entity or individual any infringing copies, including all derivative works of NXIVM corporation's copyrights, including, but not limited to, *12-POINT MISSION STATEMENT, TRIBUTE, WORK AND VALUE, RULES AND RITUALS*, and *FACE OF THE*

UNIVERSE (or any version or portion thereof), or any portion thereof; (b) to remove the order form, download links, and any other infringing materials from public display; (c) to immediately stop distributing, copying or printing, in any manner or form, copyrights of NXIVM Corporation including, but not limited to *12-POINT MISSION STATEMENT, TRIBUTE, WORK AND VALUE, RULES AND RITUALS, and FACE OF THE UNIVERSE* (or any version or portion thereof); and (d) to deliver all of said materials and all other infringing materials created or used by defendant to plaintiffs which shall retain said products in a safe place during the pendency of this case.

5. Defendant is restrained from continuing to solicit orders or making direct or indirect comments based upon the material on the Internet, by email or any other means.

6. Such other and further relief as to this Court shall seem just.

Date: August 21, 2003

SCHMEISER, OLSEN & WATTS, LLP

By: 

Arlen L. Olsen (Bar Roll No.: 507492)

Attorney for Plaintiffs

3 Lear Jet Lane, Suite 201

Latham, NY 12110

Telephone: (518) 220-1850

DECLARATION OF BARBARA J. BOUCHEY

I, Barbara Bouchev, do hereby declare and affirm:

1. I am over the age of 21 years. I am a named defendant in Los Angeles Superior Court case no. BC432595. The following is true of my own personal knowledge. If called, I could and would competently testify thereto.

2. This declaration is made in opposition to the application by the plaintiffs for issuance of an injunction and the resulting Order to Show Cause issued by the Court in this matter.

3. I am a resident of Albany, New York. I have never resided in the State of California, and have never owned any real or personal property in the State of California.

4. On March 3, 2010, the Los Angeles Superior Court issued a Temporary Restraining Order ("TRO") in this matter, along with an Order to Show Cause why an injunction should not issue. I have not violated the TRO in any way.

5. I have no intention of discussing any financial information concerning the Bronfmans outside of legal process.

6. The Bronfmans seek an injunction which would require me to turn over to them documents that were generated or received during the time that I rendered professional services to the Bronfmans through my company, Barbara J. Bouchev Asset Management Incorporated ("Bouchev Asset Management"), a New York corporation. I oppose the issuance of that injunction for the reasons set forth hereinafter, and in the accompanying brief.

7. In paragraph 26 of their complaint, the plaintiffs allege that my company and I "did not return written documentation upon demand." After the Bronfmans' counsel sent me a demand for the return of documents, the complete set of original records that I had (through my company) with respect to the Bronfmans was delivered to the Bronfmans' counsel in New York in batches between April 27 and May 7, 2009. In other words, the Bronfmans already have all of the documents that they want me to turn over to them.

8. I have been a Registered Investment Advisor ("RIA") since 1990, a Certified Financial Planner ("CFP") since 1990, a bookkeeper since 2004, and a Broker Dealer since 1997.

1 I have held securities licenses with the FINRA since 1985. I have also held a
2 Life/Disability/Long Term Care insurance license since 1985.

3 9. As an investment advisor, it is my understanding that I am required by 15
4 U.S.C.A. § 80b-4, 17 C.F.R. § 275.204-2 to retain a long list of documents pertaining to client
5 finances and financial transactions for a period of not less than five years.

6 10. In addition, it is my understanding that I am required by N.Y. Comp. Codes R. &
7 Regs. tit. 13, § 11.9 to retain a similar list of client documents "for a period of not less than five
8 (5) years from last transaction or publication."

9 11. Over the years, I have become familiar with the standards and customs governing
10 financial planners, investment advisors, broker/dealers and bookkeepers. It is customary for
11 RIA's, CFP's, Broker Dealers and bookkeepers to keep copies of client documents received or
12 generated during a professional engagement. Those documents are kept for a variety of reasons.

13 a. Some of those reasons relate to the client's protection (i.e, the existence of an
14 extra set in case the client's documents are unavailable).

15 b. Other reasons relate to the bookkeeper/financial planner, broker dealer 's own
16 protection. Bookkeepers and financial planners engage in a variety of activities that might result
17 in liability to the client. We need to maintain copies of documents reflecting our knowledge,
18 decisions, authority and actions, and reflecting the state of our clients' affairs, in case issues
19 arise over the quality of our performance, our judgment or our integrity. Since we never know
20 what will be questioned, or what we will need to review, it is customary to retain copies of all
21 client documents that come into our possession.

22 c. Other reasons relate to governmental interests. The IRS or SEC often looks to
23 professionals in my position for evidence relating to the legal, financial or tax dealings of our
24 clients.

25 12. I have been certified by, and am a member of, the Certified Financial Planner
26 Board of Standards, Inc. The Rules of Conduct of that organization provide: "3.1 A certificant
27 shall treat information as confidential except as required in response to proper legal process . . .
28 as required to defend against charges of wrongdoing; in connection with a civil dispute . . . 3.5 A

1 certificant shall identify and keep complete records of all funds or other property of a client in the
2 custody, or under the discretionary authority, of the certificant.”

3 13. The plaintiffs in case number BC432595 are Sara and Claire Bronfman. I have
4 know both plaintiffs personally since approximately 2004. The plaintiffs both reside in the State
5 of New York.

6 14. I first met Sara and Claire Bronfman through an organization called NXIVM,
7 which then maintained, and still maintains, its headquarters in New York. At the time, I and both
8 Bronfmans were involved in NXIVM, a corporation which promotes the philosophy of its
9 founder Keith Ranieire, and which offers classes in various lifestyle skills

10 15. In approximately 2004, Mr. Raniere introduced me to the Bronfman girls in New
11 York. Soon thereafter, the plaintiffs became clients of Bouche Asset Management. My company
12 and I provided a variety of services to the Bronfmans.

13 16. Over time, I became very unhappy with the way NXIVM conducted business. I
14 resigned from the NXIVM board in January of 2008 and severely curtailed my NXIVM related
15 activities at that time.

16 17. On April 24, 2009, I severed all ties with NXIVM. In a letter sent on that date to
17 the NXIVM board, I (along with a number of other individuals) voiced criticism of the
18 organization, and I asserted financial claims for monies that I believed that I was owed by
19 NXIVM.

20 18. On April 25, 2009, a letter from an attorney for NXIVM was delivered to my
21 house. In that letter, NXIVM’s counsel argued that I had violated New York “Penal Law,” that
22 NXIVM had “notified the authorities” and that NXIVM would pursue “all civil and criminal
23 remedies...”

24 19. I found the letter from NXIVM’s counsel to be extremely threatening (and
25 viewed it as unjustified), and wanted to consult with an attorney regarding my own legal
26 interests. I was deeply concerned that NXIVM would drum up some kind of claim against me, or
27 would utilize its lawyer to harass me. I therefore determined to consult with an attorney in the
28 hope of protecting myself against harassment by NXIVM, and to ascertain my own rights and

1 duties with respect to that organization

2 20. On April 27, 2009, the Bronfmans, who were and are deeply involved in NXIVM,
3 terminated my services and those of my company.

4 21. Thereafter, I learned of attorney Ford Greene, and formed a belief that he had
5 experience dealing with an entity like NXIVM.

6 22. I set up a meeting with Mr. Greene in San Anselmo, California, in June of 2009. I
7 subsequently communicated by phone or email with him on a couple of occasions in 2009.

8 23. My communications with Mr. Greene related to my concerns over potential legal
9 issues that might arise out of my withdrawal from the NXIVM organization, including the threats
10 in the letter from NXIVM's counsel.

11 24. When I met with Mr. Greene and communicated with him in 2009 about my own
12 personal legal situation, I did not provide him with any documents pertaining to the Bronfmans'
13 finances or financial dealings.

14 25. When I communicated with Ford Greene about my personal legal situation, he
15 did not (to my knowledge) represent Yuri or Natalie Plyam, the parties who are adverse to the
16 Bronfmans in the Precision vs Plyam litigation.

17 26. When I met with Ford Greene, I had no idea that he might represent the Plyams at
18 some point in the future. I had nothing to do with Ford Greene becoming counsel for the Plyams.

19 27. I did not voluntarily provide any documents relating to the Bronfmans' finances or
20 financial dealings to Mr. Greene at any time.

21 28. In paragraph 10 of her declaration, Clare Bronfman refers to a lawsuit between
22 Precision Development LLC, on one hand, and Yuri and Natalya Plyam. As noted in paragraph
23 10 of Clare Bronfman's declaration, the Bronfmans control Precision. The Precision suit relates
24 to a failed real estate venture in California, and the Bronfmans allege that the Plyams took money
25 from them and used that money to engage in various improper activities.

26 29. I am not a party to the Precision Development vs Plyam suit.

27 30. I was never served with any protective order that may have been issued in the
28 Precision vs Plyam litigation.

1 31. I had my deposition taken pursuant to a subpoena in the Precision matter on June
2 2, 2009. At the time, the Plyams were represented by attorney David Pillemer, who noticed the
3 deposition. At my deposition, I was questioned extensively by counsel for the Bronfmans.

4 32. In July of 2009, I was subpoenaed by the Bronfmans' counsel to produce
5 documents in the Precision vs. Plyam litigation. The subpoena served by the Bronfman's counsel
6 called for production of "all documents which refer or relate in any way to Precision
7 Development LLC, Castle Asset Management LLC, Castle Trading, Clare Bronfman, Sara
8 Bronfman, Nancy Salzman" and the Plyams.

9 33. After the subpoena was served, my attorney Claudia Ryan communicated with
10 counsel for the Bronfmans, attorney James Wald of the Latham & Watkins firm, about a
11 production date. By then, Ford Greene had become the Plyams' counsel in the Precision case.

12 34. While those communications were going on Mr. Greene, as counsel for the
13 Plyams, ordered that the documents under subpoena be copied. Attached as Exhibit "A" to this
14 supplemental declaration is a true and correct copy of email correspondence which includes a
15 January 8, 2010 email from my lawyer to Mr. Wald stating: "James. Barbara is available next
16 Wed 1/13. This is contingent on the boxes being returned from the copy service hired by Ford
17 Greene."

18 35. After Ms. Ryan's January 8, 2010 email was sent, the Bronfmans cancelled their
19 subpoena.

20 36. On January 13, 2010, Ms. Ryan wrote an email to Mr. Wald, which is part of
21 Exhibit "B", in which she stated: "You were aware in November that Ford Greene was making
22 arrangements to have the records copied and sent to him. I would ask Ford to advise if he
23 received them and I believe any issues you have concerning his use of those documents would be
24 between the two of you...I do remind you that copies of any records of personal financial dealings
25 has already been provided to the Bronfmans."

26 37. In paragraph 12 of Ms. Bronfman's declaration in support of her Ex Parte
27 Application, she refers to a declaration that I signed in the Precision Development LLC vs. Plyam
28 litigation on February 16, 2010.

1 a. The declaration that I signed in the Precision Development LLC vs. Plyam matter
2 referred to documents which Bouchey Asset Management maintained. Those documents had,
3 prior to my execution of the declaration, already been produced in the Precision Development
4 LLC vs. Plyam litigation pursuant to a subpoena from the Bronfmans' counsel as described
5 hereinabove.

6 b. The matters discussed in my declaration were all the subject of questions put to
7 me by counsel for the Bronfmans at my deposition in the Precision vs. Plyam matter.

8 38. The declaration that I signed in the Precision vs. Plyam matter stated that attached
9 documents would be filed under seal. I relied upon that statement in signing the declaration, and
10 did not participate in any way in the actual filing of that declaration with the Court.

11 39. I had no communication with any member of the press concerning the Bronfmans
12 prior to this lawsuit being filed against me, and did not furnish any documents regarding the
13 Bronfmans to the press.

14 40. While the Bronfmans were clients of my company, we had the ability to transfer
15 funds of the Bronfmans pursuant to instructions from either the Bronfmans or their advisors. We
16 also had signatory or other powers over certain accounts of the Bronfmans.

17 41. Most of the services provided by Bouchey Asset Management to the Bronfmans
18 consisted of bookkeeping services which were performed out of the company's New York office.
19 The services rendered or tasks performed relating to the Bronfmans included the following:

20 a. Bouchey Asset Management obtained and maintained records of the Bronfmans'
21 investments and income.

22 b. Bouchey Asset Management provided information regarding the Bronfmans to
23 their tax preparers.

24 c. Bouchey Asset Management had the ability to wire funds or sign checks for the
25 Bronfmans, and transferred their funds when directed by the Bronfmans or their
26 advisors to do so.

27 d. My company and I were given a certain amount of discretion in the liquidation
28 and transmission of the plaintiffs' funds when we were directed by the Bronfmans

1 or their representatives to transfer funds of the Bronfmans.

2 e. There were other activities that I engaged in for the Bronfmans on behalf of
3 Bouchey Asset Management. For example, it was sometimes necessary to meet
4 with other individuals who provided services to the Bronfmans to provide them
5 with information.

6 42. As a result of the services that Bouchey Asset Management provided to the
7 Bronfman sisters, records pertaining to their business or financial affairs were accumulated. All
8 of the records of Bouchey Asset Management pertaining to the plaintiffs are and always have
9 been maintained in New York by Bouchey Asset Management. The records fill approximately 17
10 boxes. Those records include: internal office communications of Bouchey Asset Management,
11 bookkeeping and/or accounting work papers, tax work papers, records reflecting the Bronfmans'
12 investments (purchases, valuations or sales) and income, bank statements, records reflecting wire
13 transfers of funds or the signing checks for the Bronfmans at the Bronfmans' instructions (or
14 their advisors), records reflecting liquidation and transmission of the plaintiffs' funds at the
15 Bronfmans' instructions (or their advisors), investment statements, spreadsheets, financial plans,
16 tax documents, estate planning documents, correspondence (including correspondence involving
17 Ms. Bouchey or her company), ledgers, invoices paid (including credit card statements), copies
18 of agreements for which Bouchey Asset Management provided bookkeeping services, lists of
19 assets and liabilities, profit and loss statements, balance sheets, accounting reports, worksheets,
20 powers of attorney, Employer Plans & Benefits, loan documentation, accounts receivable and
21 payable documents, checking account information, financial instruments, insurance documents,
22 and correspondence relating to the foregoing.

23 43. While the originals of all documents relating to the Bronfmans have been
24 returned, Bouchey Asset Management retains a set of copies, which are in New York.

25 44. It is my understanding that my workpapers, internal communications of my
26 company, and correspondence involving me or my company remain my property, and are not
27 owned by the Bronfmans.

28 45. It is my understanding that under the regulations cited above and in the

1 accompanying brief, my company and I are obligated to retain copies of the records. Such
2 retention is also customary in my field.

3 46. In paragraph 11 of her declaration, Clare Bronfman states that I was "helpful with
4 processing" the Precision Development litigation. For a time, employees of Bouchey Asset
5 Management provided information to the Bronfmans' concerning that litigation at their request. I
6 did not provide such assistance. My employees located in New York provided the Bronfmans
7 with information about the Precision matter.

8 47. In paragraph 16 of the First Amended Complaint, the plaintiffs allege that I
9 disclosed their financial information to Robert Petro. I know Mr. Petro, who works and lives in
10 New York.

11 a. I spoke to him in New York regarding personal matters, not Bronfman business
12 affairs, because he is someone to whom I am very close. In that context mentioned
13 the Bronfmans because they had been friends of mine.

14 b. At my deposition in the *Precision Development LLC vs. Plyam* matter, I never
15 said that I mentioned the Bronfmans' financial affairs to Mr. Petro. I testified that
16 their names came up in conversation with Mr. Petro. Then, *in response to a*
17 *question from Mr. Crockett about consent*, that I did not have the Bronfmans'
18 consent to discuss Bronfman finances with Mr. Petro.

19 48. Paragraph 17 of the First Amended Complaint contains an allegation that I
20 "contacted two different Los Angeles attorneys who represented California investment advisors
21 with whom the Plaintiffs had had a dispute." That verified allegation is inaccurate. Apart from
22 my counsel in the Bronfmans' suit against me, the only two California attorneys with whom I had
23 communications were (1) David Pillemer of Los Angeles and (2) Ford Greene of San Anselmo,
24 California.

25 a. I met with Mr. Pillemer once on June 1, 2009 in Albany, New York on the day
26 before my deposition in the *Precision Development LLC vs. Plyam* matter. Mr. Pillemer sought
27 my deposition on behalf of his clients; I did not seek to be deposed. The meeting was requested
28 by Mr. Pillemer through my counsel. I did not request it. The meeting took place in the presence

1 of my own counsel. I did not provide any Bronfman financial documents to Mr. Pillemer, and did
2 not discuss the extent or nature of the Brofmans' personal finances.

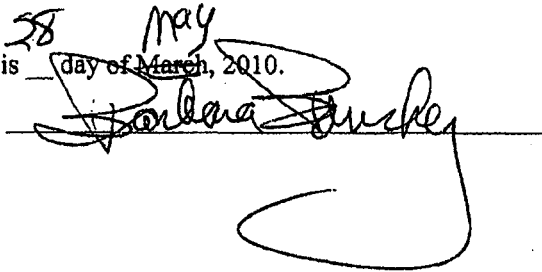
3 b. The other California attorney with whom I met was Ford Greene. My meeting and
4 dealings with him are described above in this declaration.

5 49. The Bronfmans contend for purposes of jurisdiction that I have "been in extensive
6 contact with the Plyams" since my company was terminated (Application for Temporary
7 Restraining Order at page 9). I did not speak to the Plyams at all between approximately
8 December of 2007 and June of 2009. Since June of 2009, I have spoken occasionally to the
9 Plyams. I saw them in New York twice, in June of 2009 and in October of 2009. I spoke mostly
10 to Nataliya Plyam about personal matters. I have not provided the Plyams with any documents
11 relating to the Bronfmans' finances, and did not discuss the Bronfmans' finances with them.

12 50. It would work a hardship upon me to deprive me of the documents that I own and
13 that are my work product. Likewise, it would be a hardship to be at risk of not having records
14 which the law requires me to retain. Finally, it would be a hardship to be deprived of the
15 documents I would need to defend myself against an accusation of wrongdoing given the overt
16 hostility displayed by the Bronfmans toward me.

17 I declare under penalty of perjury under the laws of the State of California that the
18 foregoing is true and correct.

19 Executed at Albany, New York on this 28 day of May, 2010.

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DECLARATION OF CLARE BRONFMAN

I, Clare Bronfman, declare as follows:

1. I am a resident of Saratoga County in the State of New York. I have first-hand knowledge of all matters referred to herein and, if called upon to do so, could and would competently testify truthfully with respect thereto.

2. I am basically a passive investor. I have invested in a variety of assets, including real estate and equities. I also am actively involved in humanitarian and ethical educational pursuits. I am also a member of the Board of Directors of NXIVM Corp., a for-profit business involved in human development.

3. In the early part of 2004, my sister Sara and I engaged Barbara J. Bouchey of Saratoga, New York to provide investment advice. She said she was and is a Certified Financial Planner. Bouchey's current website is at <http://www.barbarabouchey.com/Advisors/barbarabouchey/default.asp> (accessed February 20, 2010).

4. In December 2005, Bouchey began to function as our bookkeeper. As bookkeeper, she maintained records of our investments, income and investments and worked with our tax preparers.

5. On May 1, 2009, due to dissatisfaction with performance and some loyalty issues, Sara and I notified Bouchey that her services were no longer desired.

6. For most of this period, from 2004 to 2009, Bouchey was a trusted friend and financial advisor.

7. A typical email from her is attached as Exhibit 1 hereto, where she declares that she is a fiduciary for me and my sister.

8. From 2004 to May 1, 2009, Bouchey performed the following services for us, among many others.

- a. Bookkeeping, as mentioned above.
- b. Assist with the tax preparers.

- c. Help advise in the acquisition and disposition of major hard assets, such as:
 - i. Personal jet
 - ii. Real estate
 - d. Some discretionary authority to liquidate investment positions in equities or other investments to provide cash for other purposes.
 - e. Authority over bank accounts; she could sign checks and wire funds.
 - f. Recommend and help make decisions as to equities and funds to purchase and sell.
 - g. Recommend specialists, such as real estate developers, mortgage loan brokers and commodities traders.
9. After we terminated her services, Bouchey declined to return our books and records.

10. My sister and I are controlling members of Precision Development, LLC. We are in litigation against its prior member managers, Yuri and Natalia Plyam, for diversion of venture funds. The litigation is *Precision Development, LLC v. Plyam, et al.*, No. BC384285 (Los Angeles Sup. Ct., complaint filed Jan. 25, 2008). We are alleging that the Plyams took money Bouchey sent to them on our behalf, and used the money to build several homes of their own, including a luxury villa in Beverly Hills, California, as well as for the purchase of luxury items and illegal drugs .

11. Because Bouchey was instrumental in transmitting funds to the Plyams during our investment in Precision, she was initially helpful with processing the litigation. However, when we terminated her, it seems that she then turned against us and started working with the Plyams.

12. I have reviewed a declaration she filed in *Precision* on February 16, 2010. I decline to attach it here because my sister and I don't want our financial information reproduced unnecessarily, but that declaration attaches some spreadsheets and documents relating to our records which Bouchey had been maintaining and which she refuses to

surrender to us. The declaration was attached to support a motion to amend a cross-complaint, which was denied. The records attached to the declaration contain the following personal information summarized here: The first page: Loan transactions between Sara and me, on the one hand, and entities known as First Principles, ESP, Precision, and Oregon Trail. Aside from "Precision," none of these entities have anything to do with our litigation over Precision. The second page is labeled "General Ledger." That General Ledger is a listing of our private and personal financial transactions, including payments to lawyers, to First Principles, and other entities. The third and fourth pages are also labeled "General Ledger," and describes many transactions we entered into in New York, including several real estate purchases. The fifth through seventh pages are labeled "General Ledger," and set forth many tens of millions of dollars of investment transactions we've made.

13. The eighth and ninth pages attached to the Bouchey Declaration continue with General Ledger transactions, and details many of our personal transactions, including payments to lawyers.

14. Bouchey attaches an Exhibit 3 to her declaration. It is an email from one of my advisors to one my lawyers, which is then circulated to an internal group of my advisors, one of whom was a Bouchey employee. Ms. Bouchey has taken attorney-client communications circulated for discussion amongst my advisors and published them.

15. The publication of my personal financial information has been humiliating and embarrassing to me and my sister. We are private persons. We rely upon advisors for our personal affairs. We do not consent to Ms. Bouchey sharing with our litigation enemies, or their lawyers, our personal financial matters.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct, and that this declaration was executed in Clifton Park, New York on February 23, 2010.

A handwritten signature in black ink, appearing to read 'Clare Bronfman', is written over a horizontal line.

Clare Bronfman

From: Barbara Bouchey <bb@barbarabouchey.com>
To: Sara Bronfman <sarab@nxivm.com>; clarewebb21@aol.com; Accounting-Dazzle <accounting@barbarabouchey.com>; Michele <michele@barbarabouchey.com>; Matthew McMorris <matt@yourtaxstrategy.com>; LL <ll@barbarabouchey.com>; Lisa Pritchard <lisa@barbarabouchey.com>
Sent: Mon, Feb 2, 2009 12:01 pm
Subject: Fiduciary Responsibility & Office Protocol

Hello Everyone,
Daz shared with me this morning that Matt called recently on behalf of Sara Bronfman and asked Daz to perform certain tasks that might alter permanently my office systems and computers. Matt is an outside consultant performing at times certain accounting functions, but it would not be within his prevue to instruct anyone working for my company to alter my systems. Even if he did work for me, it is important that no one permanently alter my systems without asking me first. Would everyone kindly make such requests to me in the future since I need to supervise, have a fiduciary responsibility and need to approve of such things before done. Would you let me know you received this and it's understood?

Regards,
Barbara

Barbara Bouchey, CFP®

10 Maxwell Drive, Suite 201
Clifton Park, NY 12065
Phone (518) 583-0090 - Fax (518) 583-0454
E-Mail: bb@barbarabouchey.com
Website: www.barbarabouchey.com

PROOF OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and not a party to this action. My business address is Latham & Watkins LLP, 355 South Grand Avenue, Los Angeles, CA 90071-1560.

On **April 29, 2010**, I served the following document described as:

DECLARATION OF CLARE BRONFMAN IN OPPOSITION TO SLAPP MOTION

by serving a true copy of the above-described document in the following manner:

BY U.S. MAIL

I am familiar with the office practice of Latham & Watkins LLP for collecting and processing documents for mailing with the United States Postal Service. Under that practice, documents are deposited with the Latham & Watkins LLP personnel responsible for depositing documents with the United States Postal Service; such documents are delivered to the United States Postal Service on that same day in the ordinary course of business, with postage thereon fully prepaid. I deposited in Latham & Watkins LLP' interoffice mail a sealed envelope or package containing the above-described document and addressed as set forth below in accordance with the office practice of Latham & Watkins LLP for collecting and processing documents for mailing with the United States Postal Service:

John S. West, Esq.
Allred Maroko & Goldberg
6300 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90048

Telephone: 323-302-4774
Facsimile: 323-653-1660
jwest@amglaw.com

I declare that I am employed in the office of a member of the Bar of, or permitted to practice before, this Court at whose direction the service was made and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **April 29, 2010**, at Los Angeles, California.



Donna Brittenham

UNITED STATES DISTRICT COURT

District of New Jersey

**NXIVM CORPORATION f/k/a EXECUTIVE
SUCCESS PROGRAMS, INC. and FIRST
PRINCIPLES, INC.,**

Plaintiffs,

vs.

**MORRIS SUTTON, ROCHELLE SUTTON,
THE ROSS INSTITUTE, RICK ROSS a/k/a
"RICKY" ROSS, STEPHANIE FRANCO,
PAUL MARTIN, Ph.D., and WELLSPRING
RETREAT, INC.,**

Defendants.

SUBPOENA IN A CIVIL CASE

CIVIL ACTION NO. 06-1051

**TO: Barbara Bouchey
c/o Claudia Ryan, Esq.
Ryan & Smallacombe, PLLC
100 State Street, Suite 800
Albany, New York 12207, US**

☐ YOU ARE COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY	COURTROOM
	DATE AND TIME

☒ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case.

PLACE OF DEPOSITION Gleason, Dunn, Walsh & O'Shea 40 Beaver Street Albany, New York 12207	DATE AND TIME October 29, 2009 10:00 a.m.
--	---


☒ YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects): SEE ADDENDUM

PLACE Riker Danzig Scherer Hyland & Perretti LLP Headquarters Plaza, One Speedwell Avenue Morristown, New Jersey 07962-1981	DATE AND TIME October 19, 2009 10:00 a.m.
--	---

☐ YOU ARE COMMANDED to permit inspection of the following premises at the date and time specified below.

PREMISES	DATE AND TIME
----------	---------------

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rules of Civil Procedure, 30(b)(6).

 ISSUING OFFICER SIGNATURE AND TITLE Harold L. Kofman, Esq. Attorney for Defendants Stephanie Franco and Morris and Rochelle Sutton	DATE September 24, 2009
--	----------------------------

ISSUING OFFICER'S NAME, ADDRESS AND PHONE NUMBER

Riker Danzig Scherer Hyland & Perretti LLP
Headquarters Plaza, One Speedwell Avenue
Morristown, New Jersey 07962-1981
(973) 538-0800

PROOF OF SERVICE	
DATE	PLACE
SERVED	
SERVED ON (PRINT NAME)	MANNER OF SERVICE
SERVED BY (PRINT NAME)	TITLE

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on

Date

Signature of Server

Address of Server

Rule 45, Federal Rules of Civil Procedure, Parts C & D:
(c) PROTECTION OF PERSONS SUBJECT TO SUBPOENAS

(1) A party of an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction which may include, but is not limited to, lost earnings and a reasonable attorney's fee.

(2) (A) A person commanded to produce and permit inspection and copying of designated books, papers, documents or tangible things, or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing or trial.

(B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena or before the time specified for compliance if such time is less than 14 days after service, serve upon the party or attorney designated in the subpoena written objection to the inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.

(3) (A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it

(i) fails to allow reasonable time for compliance;

(ii) requires a person who is not a party or an officer of a party to travel to a place more than 100 miles from the place where that person resides, is employed or regularly transacts business in person, except that, subject to the provisions of

clause (c)(3)(B)(iii) of this rule, such a person may in order to attend trial be commanded to travel from any such place within the state in which the trial is held, or

(iii) requires disclosure of privileged or other protected matter and no exception or waiver applies, or

(iv) subjects a person to undue burden.

(B) If a subpoena

(i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or

(ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party, or

(iii) requires a person who is not a party or an officer of a party to incur substantial expense to travel more than 100 miles to attend trial, the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

(d) DUTIES IN RESPONDING TO SUBPOENA.

(1) a person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.

(2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

Riker Danzig Scherer Hyland & Perretti LLP
Headquarters Plaza
One Speedwell Avenue
P.O. Box 1981
Morristown, New Jersey 07962-1981
(973) 538-0800

Attorneys for Stephanie Franco and
Morris and Rochelle Sutton

**UNITED STATES DISTRICT COURT
District of New Jersey**

**NXIVM CORPORATION f/k/a EXECUTIVE
SUCCESS PROGRAMS, INC. and FIRST
PRINCIPLES, INC.,**

Plaintiffs,

vs.

**MORRIS SUTTON, ROCHELLE SUTTON,
THE ROSS INSTITUTE, RICK ROSS a/k/a
"RICKY" ROSS, STEPHANIE FRANCO,
PAUL MARTIN, Ph.D., and WELLSPRING
RETREAT, INC.,**

Defendants.

**CIVIL ACTION NO. 06-1051 (DMC/MF)
Hon. Dennis M. Cavanaugh, U.S.D.J.**

ADDENDUM

DEFINITIONS AND INSTRUCTIONS

As used herein, the following terms shall have the indicated scope and meaning:

1. The term "Complaint" refers to Plaintiffs' Amended Consolidated Complaint, filed on April 19, 2005.
2. The phrase "subject matter of this Action" refers to the factual allegations and legal counts set forth in the Complaint and/or the Counterclaims filed by Stephanie Franco.

3. The term "NXIVM" refers to Plaintiff NXIVM Corporation, its predecessor-in-interest Executive Success Programs, Inc., its successors, predecessors-in-interest, agents, employees, representative or other persons acting on its behalf including but not limited to, Nancy Salzman and/or Keith Raniere.

4. The term "First Principles" refers to Plaintiff First Principles, Inc., its predecessors, successors, agents, employees, representatives or other persons acting on its behalf.

5. The term "you" or "your" refers to Barbara Bouchey and/or representatives and all persons who have acted or purported to have acted on your behalf.

6. The term "document" shall have the broadest meaning permitted by the Federal Rules of Civil Procedure, and shall include, without limitation, all written, graphic, or otherwise recorded matter, no matter how produced and reproduced, of any nature whatever and all identical copies thereof, in your possession, custody or control, regardless of where located, and includes, but is not limited to, contracts, agreements, records, tape recordings, correspondence, communications, reports, studies, summaries, minutes, notes, diaries, calendars, agenda, bulletins, notices, announcements, instructions, telegrams, teletypes, facsimile transmissions, electronic mail transmissions, computer documents and memories (including, without limitation, magnetic tape, floppy disks, hard drives, memory, CD- or DVD-ROMs/RAMs, CD-R/RW, Zip or Jaz disks and similar media), or other storage and/or back up devices and media, and any other documents. In all cases where originals and/or non-identical

copies are not available, "document" also means identical copies of non-identical copies.

7. The term "communication" shall mean and include any contact between two or more persons, including, but not limited to, written contact by letter, memorandum, telegram, telex, cable, facsimile transmission, electronic mail, or display pager transmissions, and oral contact by in person conversation, telephone, audio pager transmissions, voice mail, answering machine messages, or other means.

8. The term "person" shall include natural persons, proprietorships, corporations, partnerships, groups, associations, organizations, and government agencies.

9. The terms "relating to" or "relevant to" shall mean constituting, pertaining to, regarding, referring to, concerning, setting forth, describing, explaining, summarizing, showing or being in any way logically or factually connected with the matter described.

10. In answering these requests, you are to furnish all documents available, including documents in the possession of your attorneys, accountants, advisors, agents, or other representatives or affiliated entities, or any information otherwise subject to or within your control or custody.

11. You are required to produce the documents as they are kept in the usual course or you shall organize and label them to correspond to the categories in these Document Requests.

12. If you withhold any document based on privilege, you must set forth the privilege claimed and the facts upon which they rely to support the claim of

privilege, and furnish a list identifying each document for which the privilege is claimed, together with the following information:

- (a) A brief description of the document's nature and subject matter, including the title of the document;
- (b) The date of preparation/creation;
- (c) The name and title of the author(s);
- (d) The name, title and address of all person(s) to whom the document is addressed, including all who received (or were noted to receive) copies;
- (e) The name and title of the person(s) to whom the document was sent; and
- (f) The number of pages.

13. These Document Requests shall be deemed to be continuing, so as to require supplemental production where you or your attorneys come into the possession of documents responsive to these Document Requests that have not been previously supplied. Such supplemental production is to be made as soon as reasonably possible after the documents are obtained. The date such additional documents came into Plaintiffs' possession and the identity of the individuals who furnished such additional documents to the person making production shall be specified.

14. Unless otherwise indicated herein, the time period applicable to these requests is 1998 through the present.

DOCUMENT DEMAND

1. All documents relating to any communication between you and Stephanie Franco.
2. All documents relating to any communication between you and Morris and Rochelle Sutton.
3. All documents relating to any communication between you and NXIVM concerning Ms. Franco, Morris and Rochelle Sutton and/or Rick Ross.
4. All documents relating to your decision to leave NXIVM.
5. All agreements between you and NXIVM and/or First Principles concerning the confidentiality of materials provided to you by NXIVM.
6. All documents relating to any affidavit that you filed in the above-referenced action.
7. All documents relating to communications concerning the subject matter of this action between yourself and Joseph O'Hara, from 2003 to the present.
8. All facilitator notes or coaches' notes of NXIVM that were in your possession at the time that you left NXIVM.
9. All documents evidencing a requests by NXIVM for the return of any course materials that were in your possession at the time that you left NXIVM.
10. All documents relating to any communications between you and Michael Sutton relating to NXIVM.
11. All documents relating to any communications between you and Keith Raniere concerning Stephanie Franco, Morris Sutton, Rochelle Sutton, Michael Sutton and/or Rick Ross.

12. All documents relating to any communications between you and Nancy Salzman concerning Stephanie Franco, Morris Sutton, Rochelle Sutton, Michael Sutton and/or Rick Ross.
13. All documents relating to any communications between you and Kristen Keffe concerning Stephanie Franco, Morris Sutton, Rochelle Sutton, Michael Sutton and/or Rick Ross.
14. All audiotapes and/or videotapes in your possession that contain the images of Stephanie Franco, Morris Sutton, Rochelle Sutton, Michael Sutton and/or Aaron Kassin.
15. All documents relating to any individual who told you that they stopped taking NXIVM classes or decided not to take NXIVM classes based on the allegations that are contained in the Complaint.
16. All documents evidencing Keith Raniere's receipt of income from NXIVM.
17. All documents relating to strategies for marketing NXIVM.
18. All videotapes and/or audiotapes of any communications between NXIVM and the media.
19. All videotapes, audiotapes, and/or correspondence wherein Ms. Bouchey advised Keith Raniere and/or Nancy Salzman of her intent to leave NXIVM.

3964327.1

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

1 THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF NEW JERSEY
3 CIVIL NO. 2:06-cv-01051 (DMC/MF)
4
5 NXIVM CORPORATION, formerly)
6 known as EXECUTIVE SUCCESS)
7 PROGRAMS, INC., and FIRST)
8 PRINCIPLES, INC.,) VIDEOTAPED
9
10 Plaintiff,) DEPOSITION UPON
11) ORAL EXAMINATION
12 v.) OF
13) BARBARA BOUCHEY
14 MORRIS SUTTON, ROCHELLE)
15 SUTTON, THE ROSS INSTITUTE,)
16 RICK ROSS a/k/a "RICKY")
17 ROSS, STEPHANIE FRANCO, PAUL)
18 MARTIN, PH.D. and WELLSRING)
19 RETREAT, INC.,)
20
21 Defendants.)
22
23 RICK ROSS,)
24
25 Counterclaim Plaintiff,)
26
27 v.)
28
29 KEITH RANIERE, NANCY SALZMAN,)
30 KRISTIN KEEFE, INTERFOR, INC.)
31 JUVAL AVIV, ANNA MOODY, NXIVM)
32 CORPORATION, JANE DOE and)
33 JOHN DOES 1-10,)
34
35 Counterclaim Defendants,)
36
37 INTERFOR, INC., JUVAL AVIV)
38 and ANNA MOODY,)
39
40 Cross-Claimants,)
41
42 v.)
43
44 NXIVM CORPORATION, KEITH)
45 RANIERE, NANCY SALZMAN and)
46 KRISTIN KEEFE,)
47
48 Cross-Claim Defendants.)

1 A P P E A R A N C E S: (Continued)
2 LATHAM & WATKINS, LLP
3 355 South Grand Avenue
4 Los Angeles, California 90071-1560
5 213-891-8254
6 bob.crockett@lw.com
7 BY: ROBERT D. CROCKETT, ESQ.
8 Counsel for Kristin Keefe
9 DRINKER, BIDDLE & REATH, P.C.
10 500 Campus Drive
11 Florham Park, New Jersey 07932
12 BY: ROBERT M. LEONARD, ESQ.
13 973-549-7370
14 robert.leonard@dbr.com
15 Counsel for Keith Ranieri
16 RYAN & SMALLACOMBE, PLLC
17 100 State Street - Suite 800
18 Albany, New York 12207
19 518-449-5501
20 cryan@ryansmallacombe.com
21 BY: CLAUDIA A. RYAN, ESQ.
22 Counsel for Deponent Barbara Bouchev
23 Also Present:
24 Clare Bronfman
25 Nancy Salzman
26 Robert McDonald, Videographer
27
28
29
30
31
32
33
34
35

1 T R A N S C R I P T of the stenographic
2 notes of AUDREY ZABAWA, a Notary Public and
3 Certified Court Reporter of the State of New
4 Jersey, Certificate No. XI01410, taken at the
5 offices of Gleason, Dunn, Walsh & O'Shea, 40
6 Beaver Street, Albany, New York, on Thursday,
7 October 29, 2009, commencing at 10:32 a.m.
8
9 A P P E A R A N C E S:
10 TOMPKINS, McGUIRE, WACHENFELD & BARRY, LLP
11 4 Gateway Center
12 100 Mulberry Street
13 Newark, New Jersey 07102
14 wmcguire@tompkinsmcguire.com
15 973-622-3000
16 BY: WILLIAM B. McGUIRE, ESQ.
17 Counsel for NXIVM Corporation and Nancy
18 Salzman
19 RIKER, DANZIG, SCHERER, HYLAND & PERRETTI
20 1 Speedwell Avenue
21 Morristown, New Jersey 07962
22 973-533-0800
23 BY: HAROLD L. KOFMAN, ESQ.
24 Counsel for Morris Sutton, Rochelle Sutton
25 and Stephanie Franco
26 LOWENSTEIN SANDLER, P.C.
27 65 Livingston Avenue
28 Roseland, New Jersey 07068
29 973-597-2508
30 pskolnik@lowenstein.com
31 BY: PETER L. SKOLNIK, ESQ.
32 THOMAS S. DOLAN, ESQ.
33 Counsel for The Ross Institute, Rick Ross,
34 Paul Martin, Ph.D., and Wellspring Retreat,
35 Inc.
36
37

1 I N D E X
2 WITNESS DIRECT CROSS REDIRECT RECROSS
3 BARBARA BOUCHEY
4 Mr. Kofman 9
5 Mr. Skolnik 189
6 Mr. Crockett 225
7
8
9

10 E X H I B I T S
11 NUMBER DESCRIPTION FOR IDENT.
12 Bouchev-1, subpoena..... 5
13 Bouchev-2, nine DVDs..... 5
14 Bouchev-3, 14 pages of handwritten notes.....125
15 Bouchev-4, e-mail correspondence between Bouchev
16 and Michael Sutton.....161
17
18
19
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Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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1 (Bouche-1, subpoena, was received
2 and marked for identification.)
3 (Bouche-2, nine DVDs, was received
4 and marked for identification.)
5 THE VIDEOGRAPHER: My name is Robert
6 McDonald, member of the National Legal Video
7 Association for Rizman, Rappaport, Dillon & Rose.
8 Today is October 29, 2009, and on the record at
9 approximately 10:32 a.m., and here in the matter
10 of NXIVM, et al. versus Sutton, et al. The
11 witness is Barbara Bouche, and we are at the
12 offices of Gleason, Dunn, Walsh & O'Shea, 40
13 Beaver Street, Albany, New York. Will counsel
14 introduce themselves for the record, please?
15 MR. KOFMAN: Harold Kofman; Riker,
16 Danzig, Scherer, Hyland & Perretti, LLC, on behalf
17 of Morris Sutton, Rochelle Sutton, and Stephanie
18 Franco.
19 MR. SKOLNIK: Peter Skolnik of
20 Lowenstein Sandler on behalf of Rick Ross, the
21 Ross Institute, the late Dr. Paul Martin, and
22 Wellspring Retreat.
23 MR. DOLAN: Tom Dolan, Lowenstein
24 Sandler, for Rick Ross, the Ross Institute, Paul
25 Martin, and Wellspring Retreat.

1 providing a transcript to Ms. Bouche and her
2 counsel, that the responsibility for providing the
3 videotape of this or the DVD of this transcript
4 belongs to the party who requested that it be
5 visually recorded.
6 MR. McGUIRE: We have no objection to
7 that. Notice was given on Monday before the
8 deposition began that we would have a videographer
9 here today.
10 MS. RYAN: And you'll provide a copy
11 to the non-party witness?
12 MR. McGUIRE: Not in the federal
13 court.
14 MS. RYAN: I am a non-party witness.
15 I believe I am entitled to a copy. It's different
16 with parties.
17 MR. McGUIRE: I am not sure. We will
18 abide by the federal rules
19 MS. RYAN: The notice did not set
20 forth that it would be videotaped, and if you read
21 the federal rules, if we are abiding by them, the
22 party who noticed the deposition provides the
23 manner in which it's going to be taken. You did
24 not give me notice that you were going to take a
25 video. We don't have an objection to proceeding,

6

8

1 MR. CROCKETT: Robert Crockett on
2 behalf of Kristin Keefe.
3 MR. LEONARD: Robert Leonard;
4 Drinker, Biddle, Reath, on behalf of Keith
5 Raniere.
6 MR. McGUIRE: Bill McGuire; Tompkins,
7 McGuire, Wachenfeld & Barry on behalf of NXIVM and
8 Nancy Salzman.
9 MS. RYAN: Claudia Ryan on behalf of
10 non-party witness Barbara Bouche.
11 THE VIDEOGRAPHER: Thank you.
12 MR. KOFMAN: The record should also
13 note that Clare Bronfman is present in the
14 deposition room. There's been a dispute as to
15 whether Ms. Bronfman is entitled to be here, and
16 the Court has been called. Her presence here
17 until we get a ruling from the Court is without
18 prejudice to any party. Also, as a preliminary
19 matter, I have put on the record that my firm
20 subpoenaed Ms. Bouche to appear for deposition.
21 We did not direct that the deposition be recorded
22 visually. That request was made by counsel for
23 NXIVM, I believe. It's our position and our
24 understanding that we are responsible for the cost
25 of the court reporter who is here today and

1 but I do believe we are entitled to get a copy of
2 the DVD or whatever is produced, and if you'll
3 agree to that, I have no problem whatsoever.
4 MR. McGUIRE: If the federal rules so
5 provide, we will abide by it.
6 MS. RYAN: Okay. Well, then turn
7 off the camera. The federal rules says that Mr.
8 Kofman is supposed to tell me how it's taken.
9 MR. McGUIRE: Does anybody have a
10 copy of federal rule book? We will abide by the
11 federal rules. What more can I tell you?
12 MS. RYAN: Then go read your federal
13 rules as to who is supposed to determine the
14 manner in which a deposition is taken.
15 MR. McGUIRE: If you are entitled to
16 it, we will pay for the videotape to be given to
17 you. I don't want to haggle with you about it,
18 but I don't want to agree to something that's not
19 required by the federal rules. If it's in the
20 federal rule book, and you say it is, I will abide
21 by that.
22 MS. RYAN: No. What it says is that
23 the notice, the person noticing a non-party or
24 party will determine the manner in which the
25 transcript will be taken, the testimony will be

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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1 taken. Mr. Kofman noticed us, and there's no
2 provision that it will be videotaped. You did not
3 amend that. You did not cross-notice it, so I am
4 willing to go forward --

5 MR. MCGUIRE: Let's go forward. We
6 will give you a copy, whatever it is. Let's not
7 haggle.

8 MS. RYAN: That's fine. Thank you
9 very much.

10 THE VIDEOGRAPHER: Would the court
11 reporter please administer the oath?

12 BARBARA BOUCHEY, called as a
13 witness, having been first duly sworn by a
14 Notary Public of the State of New Jersey,
15 testified as follows:

16 DIRECT EXAMINATION BY MR. KOFMAN:

17 Q Good morning, Ms. Bouche. As I said
18 before, my name is Harold Kofman. I represent the
19 Suttons and Stephanie Franco in this matter. I
20 would like to show you a document that we've
21 marked as Bouche-1 and ask you to take a look at
22 that.

23 A Okay.

24 Q Do you recognize that document as a
25 subpoena that my firm served upon you to compel

1 visually recorded. The video and the deposition
2 booklet that are being prepared can be used for
3 certain purposes in this case. It's important
4 that you wait for me to finish a question before
5 you answer it. It's also important that only one
6 of us be speaking at a time, just because the
7 court reporter can't take us both down at the same
8 time. If you don't understand one of my
9 questions, please ask me to clarify, and I'll do
10 so if I can. If you need to take a break, please
11 let me know, and unless there's a question
12 pending, we will take a break.

13 You are being represented today I
14 understand by Ms. Ryan. If Ms. Ryan interposes an
15 objection, please wait for her to finish talking
16 and advise you whether to answer or not. I think
17 that covers it.

18 Can you give me a brief description of your
19 educational background?

20 A How far do you want me to go back?

21 Q High school.

22 A Okay. I went to high school at Catholic
23 Central and Troy High, and I attended Hudson
24 Valley Community College and The College For
25 Financial Planning.

10

12

1 you to produce documents and for your appearance
2 here today?

3 A Yes, I do.

4 Q Are you here pursuant to that
5 subpoena that I served upon you?

6 A Yes, I am.

7 Q You have produced documents that are
8 pursuant to the subpoena that I served upon you;
9 correct?

10 A Yes, I did.

11 Q I believe also pursuant to the
12 subpoena that we served upon you, you have
13 provided DVDs; correct?

14 A Yes.

15 Q I show you what we have marked as
16 Bouche-2. Are these the nine DVDs that you
17 provided in response to the subpoena?

18 A Yes.

19 Q Okay. We'll get back to these in a
20 bit. I understand that you have had your
21 deposition taken before. I'd like to just repeat
22 some basic ground rules for you. I am going to
23 ask you a series of questions today. My questions
24 and your answers are being taken down by the court
25 reporter sitting to my left and also being

1 Q Did you receive any degree from
2 either Hudson Valley Community College or The
3 College of Financial Planning?

4 A No degree from Hudson Valley, and I got a
5 certificate from The College For Financial
6 Planning.

7 Q Okay. Can you tell me your
8 occupation?

9 A I own a financial planning firm.

10 Q What's the name of that firm?

11 A Barbara J. Bouche, Asset Management, Inc.

12 Q How long have you owned that?

13 A Since -- well, it's -- it's -- I have been
14 self-employed and have been a 1099 independent
15 contractor since April of 1985.

16 Q 1985?

17 A Yes.

18 Q And that's continuous until today?

19 A Yes.

20 Q I am going to be referring to an
21 entity called NXIVM Corporation today. Do you
22 understand NXIVM Corporation to be synonymous with
23 Executive Success Programs?

24 A Yes.

25 (Nancy Salzman joined proceedings.)

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

13

1 MR. KOFMAN: Let the record reflect
2 that Nancy Salzman has entered the room.
3 Q When did you first become familiar
4 with NXIVM?
5 A Well, October 1999.
6 Q How did you become familiar with
7 NXIVM?
8 A With Pamela Cafritz and Nancy Salzman.
9 Q They introduced you to NXIVM?
10 A Yes.
11 Q How did that come about?
12 A Pam Cafritz had called my office
13 soliciting, and in the conversation she called
14 back and indicated that Nancy Salzman was the
15 president of the company and had discovered that
16 Nancy Salzman was a client of mine and a friend.
17 Q So Nancy Salzman was already a client
18 and friend of yours at that time?
19 A Correct.
20 Q How did you first meet Ms. Salzman?
21 A I was referred to her for some stress
22 management counseling. I had TMJ.
23 Q When was that that you were referred
24 to her?
25 A I want to say it was in the late '80s, so

1 somewhere around 1988/89.
2 Q Had you been a friend of Ms. Salzman
3 since the late '80s?
4 A Yes.
5 Q How soon after Ms. Cafritz called you
6 did you begin attending NXIVM classes?
7 A I attended my first class on March 27,
8 2000.
9 Q Do you remember was that an intensive
10 that you attended?
11 A Yes.
12 Q How long of an intensive?
13 A It was either 21 or 22 days.
14 Q Did NXIVM at that time offer 22-day
15 intensives?
16 A Yes.
17 Q Did there come a time where they
18 stopped offering 22-day intensives?
19 A Yes.
20 Q When was that?
21 A Probably my guess is within a year they
22 condensed it from 22 down to 16.
23 Q Do you remember how much you paid for
24 the 22-day intensive?
25 A I think it was 6,000.

15

1 Q Do you know why it was condensed from
2 22 days to 16?
3 A They removed the Rational Inquiry
4 technology and EM tech out of it.
5 Q EM tech?
6 A Exploration of meaning technology.
7 Q Was that originally part of the basic
8 intensive curriculum?
9 A Yes.
10 Q Did you learn during those
11 introductory courses how to perform an exploration
12 of meaning?
13 A Yes.
14 Q So sometime in 2001 that was removed
15 from the course?
16 A From the basic level one intensive.
17 Q Okay.
18 A It might have been -- you know, I don't
19 remember exactly when it was removed, but it could
20 have been anywhere from one to two to three years
21 out.
22 Q Okay. So for some period of time,
23 new students were given the exploration of
24 meaning, given information about how to perform an
25 exploration of meaning?

14

1 A Yes.
2 Q Do you remember what documents you
3 were given that would tell you how to perform an
4 exploration of meaning?
5 A There were student notes.
6 Q Did you get anything else other than
7 student notes that talked about explorations of
8 meaning?
9 A You know, there were diagrams and
10 instructions along the way.
11 Q Did you ever see something called, a
12 document entitled, Projective Questions For
13 Facilitators?
14 A Yes.
15 Q Was that something that you were
16 given as a student at NXIVM?
17 A Yes.
18 Q In your introductory course?
19 A Yes.
20 Q And just for the record, I would like
21 to show you a document marked Salzman-36.
22 A Um-hum.
23 Q Putting aside the handwriting on
24 that, do you recognize that form?
25 A Yes.

16

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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1 Q Is that a document you were provided
2 as a new student at NXIVM?

3 A I believe so.

4 Q When did you first perform an
5 exploration of meaning that you conducted?

6 A I believe in June of 2000.

7 Q Okay. Were you provided with more
8 information than this to learn how to conduct an
9 exploration of meaning?

10 A Yes.

11 Q What other information were you
12 provided?

13 A I think there were other handouts that had
14 different parts of the technology, and then sets,
15 presuppositions, language-ing, things like that.

16 Q Did you conduct explorations of
17 meaning during at the time you were at NXIVM?

18 A Yes.

19 Q Can you estimate how many?

20 A Hundreds.

21 Q Do you have an understanding one way
22 or the other as to whether a person could conduct
23 an exploration of meaning if they had nothing else
24 besides this document?

25 A It would be very difficult to do it if

1 to respond to a student's answer to one of your
2 questions?

3 A You know, yes and no.

4 Q Can you clarify?

5 A You could ask those questions and could
6 possibly facilitate somebody having some very
7 strong awarenesses about themselves if you just
8 simply kept asking those questions. In order to
9 have a more thorough exploration, it would be best
10 to be trained in why you are asking those
11 questions or other elements and components of the
12 EM technology.

13 Q When did you first meet Keith
14 Ranieri?

15 A March 27, 2000.

16 Q That was during the first intensive
17 that you attended?

18 A He came in on the very first day.

19 Q How were you introduced to
20 Mr. Ranieri? Strike that.

21 What were you told about Mr. Ranieri, if
22 anything?

23 A Well, a number of things. I was told that
24 he was very competent, very talented, a very --
25 you know, one of the highest IQs, you know, that

19

18

1 that's all that you had.

2 Q Why is that?

3 A Because this is not complete. It's an
4 element of it. So I mean I think you could have a
5 very reasonable exploration of meaning with
6 somebody with these questions, but there are other
7 components of it, but this is a core part of it.

8 Q Now, what else would you need to do
9 to conduct a valid exploration of meaning?

10 A I think it would be good to have some basic
11 training on why you are asking those questions, an
12 understanding of their answers to know which way
13 you might want to ask the next question.

14 Q Was the exploration of meaning
15 designed to get the student to provide specific
16 response?

17 MR. MCGUIRE: Object to the form.

18 MR. KOFMAN: Strike that.

19 Q Was it meant for you to guide the
20 student to reach a certain outcome?

21 MR. MCGUIRE: Object to form.

22 MS. RYAN: You can answer.

23 Q Let me withdraw that. In order to do
24 an exploration of meaning, in addition to that
25 document, would you have to be trained as to how

1 he was very advanced in his thinking, that he was
2 a very kind, compassion, honorable person.

3 Q Who told you all those things?

4 A Well, when -- you mean when exactly,
5 because I was told different things at different
6 times, so when are you asking me what I was told?

7 Q What were you told before you took
8 the class about Mr. Ranieri?

9 A Okay. I would say those things apply.

10 Q Who told you those things?

11 A I would say Nancy and Pam.

12 Q Okay. Had you had any involvement
13 with an entity called Consumers Buyline?

14 A No.

15 Q After you took the first intensive,
16 did there come a point in time when you took
17 another intensive?

18 A Yes.

19 Q When was that?

20 A June.

21 Q Of 2000?

22 A The beginning of June 2000.

23 Q Was that another 22-day intensive?

24 A I believe so.

25 Q By the way, when the program was

20

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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1 condensed from 22 days to 16 days -- strike that.
 2 When you took the 22-day intensive, how long was
 3 the class day, what time would you arrive?
 4 A It was 8 in the morning until 9 o'clock at
 5 night, although it was -- it could possibly go
 6 longer than 9 o'clock.
 7 Q How long did some of the class days
 8 go?
 9 A Well, it depended on if they were running
 10 late, or it depended on if Keith came in to do a
 11 forum.
 12 Q If Keith came in to do a forum, how
 13 long would the class day run?
 14 A Well, he could speak until 11 or midnight
 15 possibly, and then he would also stay around and
 16 answer any questions that anybody might have.
 17 During my intensive though, he quite often had
 18 one-on-one sessions with me or where we would go
 19 into a room with perhaps anywheres from one, two,
 20 a handful of the other people that were associated
 21 with him. So quite often I had my own private
 22 forums with him. I saw him every day.
 23 Q He was there every day during that
 24 22-day intensive?
 25 A Pretty much. He taught half of it.

1 this -- that, "I've been thinking of your coming,
 2 was aware of who you were. We believe that you
 3 are going to be here to help us in our work and
 4 what we do, that you are a special human being."
 5 Things of that nature. Things that I would say
 6 would speak of not everyday, you know, common
 7 sense things, but things that were related to
 8 spiritual things or visions or, you know, things
 9 of that nature.
 10 Q Did anyone indicate that they had a
 11 vision that you were going to be coming?
 12 A Keith and Pam Cafritz and Barbara Jeske,
 13 Kristin Keefe.
 14 Q Did they indicate what they saw in
 15 this vision, in their visions?
 16 A Basically that I was going to be somebody
 17 who was going to partner with Keith and be someone
 18 that he would have as a partner, companion or
 19 somebody that would help them do this, and in the
 20 last three days of my intensive Keith himself told
 21 me that he had dreams and visions that I actually
 22 would be in a relationship with him and have a
 23 child with him, and I also believe that Pam
 24 Cafritz probably and Kristin -- a number of them.
 25 I mean towards the end of the training a number of

22

24

1 Q You said you would go into a room
 2 with other people associated with him. Who were
 3 the people who would give you this private
 4 seminar, for lack of a better word?
 5 A It would be Nancy, Nancy Salzman, Pam
 6 Cafritz, Barbara Jeske, Kristin Keefe, Karen
 7 Unterreiner, Lauren Salzman, possibly Dawn
 8 Morrison, so it could be any variation of one or
 9 some of them, and there may be other people
 10 present too. Sometimes it was in a large training
 11 room, and there were other people present.
 12 Sometimes it was just Keith and I. Sometimes it
 13 was Keith and one or some of the others.
 14 Q Did anyone tell you why you were
 15 receiving this training that other students didn't
 16 receive?
 17 MR. LEONARD: Object to form.
 18 Q Did other students receive this
 19 one-on-one or six-on-one training?
 20 A No.
 21 Q Did anyone tell you why you were
 22 receiving this special training?
 23 A As the days ensued into the training, there
 24 were different things that people would say to me,
 25 things like Keith has -- including Keith saying

1 them started to corroborate these types of things
 2 that he was saying.
 3 Q So other people told you that they
 4 had had visions that you were going to have a
 5 child with Keith?
 6 MR. McGUIRE: Object to the form.
 7 Q Who else told you that they had a
 8 vision that you were going to have a child with
 9 Keith?
 10 A Pam Cafritz and Kristin Keefe.
 11 Q Who is Kristin Keefe -- what was
 12 Kristin Keefe's role in the organization?
 13 A At that time she was a coach.
 14 Q Okay. Did she remain a coach at
 15 NXIVM during the entire time you were there?
 16 A She had that status. However, there came a
 17 time where she was what I would call inactive or
 18 not doing what you would call normal activities of
 19 a coach within the organization, although she
 20 still maintained her coach sash and was on the
 21 coach list.
 22 Q When did that time come where she
 23 stopped performing normal activities of a coach?
 24 Strike that.
 25 First of all, what are the normal

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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1 activities of a coach?
 2 A To attend coaching classes, to facilitate
 3 some of the workshops, to be on a committee, to
 4 possibly, based on your rank, be coaching other
 5 people. There was what was called a coach
 6 exchange, and it was 10 hours a week, so in order
 7 to be in the coaching program, instead of charging
 8 for the coaching program, there was what was
 9 called a coach exchange, and the coach exchange
 10 was 10 hours a week, so you would contribute 10
 11 hours a week of your time into one of those
 12 activities to fulfill your coach requirement for
 13 the exchange.

14 Q So you would contribute 10 hours
 15 rather than having to pay for classes; is that
 16 correct?

17 A Well, to clarify, there's coaching classes,
 18 and then there's being a member of ESP or NXIVM,
 19 so everybody was required to belong to what's
 20 called Ethos. Ethos was a workshop plus coaching
 21 program. On an average, it was around \$2,000 a
 22 year, so you were required to belong to Ethos, and
 23 then in addition if you were a coach, you were
 24 allowed to attend coaching classes, which was a
 25 separate curriculum, but that curriculum you

1 and so there was tension in the house, and there
 2 was tension amongst them, and there were long
 3 periods of time that she would come and go and not
 4 really talk to anybody, and I don't know -- I
 5 think she was disturbed about some different
 6 things. When I first came around, Toni Natalie
 7 who was Keith's girlfriend of nine years had left
 8 the group, and there was some dynamics and tension
 9 and mixed feelings from what I could perceive
 10 about that, about her going. So my observation of
 11 Kristin in the beginning was that she was present
 12 during the workshops and coaching but then
 13 somewhere along the way she was non-interactive
 14 much.

15 Q What does the phrase non-interactive
 16 mean?

17 A Meaning when I was in their home, she was
 18 not around a lot, and she would not be present in
 19 the home, and then when she would come in, she
 20 would go right up to her room, so meaning she
 21 didn't interact with the group much, and there was
 22 this tension between her and Keith and other
 23 people, but I don't know the exact nature of it
 24 other than it seemed to be personal, and it seemed
 25 to be emotional.

26

28

1 didn't need to pay for if you fulfilled -- or the
 2 coach exchange.

3 Q You mean if you did 10 hours a week
 4 of coaching activity?

5 A Correct.

6 Q And that would be assisting with
 7 teachers and assisting the proctors?

8 A Yes, and also being on possibly a committee
 9 or doing other activities that, you know, helped
 10 to run or take care of the center.

11 Q When did Kristin Keefe stop
 12 performing those coaching duties if you know,
 13 those normal coaching duties, if you know?

14 A You know, I don't know the exact time
 15 frame, but I want to say that it was somewhere
 16 maybe around -- somewhere between 2003, 2006.

17 Q Okay. Do you know why she stopped
 18 performing those coaching duties?

19 A I can only share with you what I observed.

20 Q What did you observe?

21 A And things that I heard.

22 Q First of all, what did you observe?

23 A That she was not happy and not happy with a
 24 number of different people, meaning Keith, Nancy,
 25 Karen, Pam. She lived with Pam, Karen, and Keith,

1 Q Did anyone ever tell you what she was
 2 distressed about?

3 A From what I could gather from observing
 4 conversations and different things, she wasn't in
 5 agreement with Keith on some things. There was a
 6 conflict in them living in the house together
 7 because, for lack of a better word, Karen, Pam and
 8 Keith -- the house was very disorderly and not
 9 well kept, and so she didn't like the condition of
 10 the home, so there were discussions about the
 11 conditions of the home, the space that they lived
 12 in, and she -- and there were things that she
 13 wasn't in agreement with him about, but I -- it
 14 would come out, and they would seem to be debating
 15 or arguing about different points, and it could be
 16 just talking about a philosophical point or even a
 17 movie, but there was just tension, so I didn't
 18 always understand what was underlying all that.

19 Q What did this have to do with Toni
 20 Natalie, if anything?

21 A My understanding is that her and Toni
 22 Natalie were very close, and she was disturbed
 23 that she had left. Both her and Pam Cafritz were
 24 very disturbed but mostly Kristin. You know, I
 25 took it that she had gotten very close to her, and

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

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31

1 she was upset that she was gone.
 2 Q Did that dissatisfaction change at
 3 any point in time, your perception that Kristin
 4 was dissatisfied?
 5 A Yeah. I observed Kristin's behavior and
 6 conduct and emotional state and well-being became
 7 more positive I would say around four years ago,
 8 so that would be probably somewhere around 2005.
 9 Q What was the cause of that, if you
 10 know?
 11 A From what I hear her, what she would say,
 12 is that she had -- what was called an ethical
 13 breach where she was angry at Keith and Nancy and
 14 other various parties, and that that was her
 15 issue, her problem, and her breach, and that she
 16 needed to work those issues, and that she had been
 17 working on those issues and, for lack of a better
 18 word, just wasn't as angry anymore.
 19 Q I am not familiar with the term
 20 ethical breach. What's the meaning of ethical
 21 breach as used by NXIVM?
 22 MR. McGUIRE: Object to the form.
 23 Q You may answer.
 24 A Well, it encompasses a number of different
 25 things. One, it's a breach against your own

1 A Yes.
 2 Q Always?
 3 A Yes.
 4 Q So there was never any legitimate
 5 anger -- it would never be legitimate within NXIVM
 6 to have anger towards Keith or Nancy?
 7 A No.
 8 Q Is that something that students of
 9 NXIVM were instructed?
 10 A Yes and no.
 11 Q Can you clarify?
 12 A When you say students, there are students,
 13 there's coaches, proctors and above, so I would
 14 say that if you were a student, and you were just
 15 coming in to take a workshop, I don't believe that
 16 they were instructed that they should never be
 17 angry at Keith or Nancy, so it wasn't that they
 18 were instructed per se. However, should they in
 19 the process become angry at Keith or Nancy about
 20 something, they would be coached that they were
 21 misdirecting their anger at them and that they
 22 should work that issue, so that's how students
 23 were handled. Coaches and proctors were
 24 different. If you were a coach or a proctor, and
 25 if you directed anger at Keith or Nancy, you would

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1 ethics, meaning if you didn't have any fear or
 2 anger or inner deficiency about a certain issue,
 3 you would behave in a certain way, so when you
 4 didn't, it was, in effect, breaching your own
 5 ethics of wanting to be either honest or loving or
 6 compassionate, or kind or whatever you want to
 7 call that. So an example is is that, you know, I
 8 yell at you, I am misdirecting my anger at you,
 9 and that's a breach against my ethic of wanting to
 10 be compassionate or upholding of another person,
 11 so that's one context that it was used in.
 12 Another context is that should I be angry at you
 13 and direct my anger at you about a certain issue
 14 or problem, that it was a breach against you as
 15 well for blaming you or making myself a victim of
 16 you and directing certain negative emotions
 17 towards you, so that would be considered a breach
 18 against you that I also needed to work on.
 19 Q What if I had done something rotten,
 20 and you got angry at it, would your anger be a
 21 breach?
 22 A In this context in the way that we
 23 described it, yes.
 24 Q Was anger directed towards Keith and
 25 Nancy considered a breach?

1 be counseled that this was a breach against them,
 2 and that you needed to work that issue, and then I
 3 would also say that in the context of that, that
 4 you would be taught or told that this was -- that
 5 was not okay behavior or conduct, and could, if
 6 you had, it could cause you to come before a
 7 committee or a group of people that would address
 8 this issue with you to get to the bottom of it so
 9 that you could heal it within yourself as to why
 10 you would direct anger at someone and also to heal
 11 that breach that you might have caused in other
 12 people's minds against Keith and Nancy and heal it
 13 with Keith and Nancy.
 14 Q Okay. When you say you would be
 15 first counseled to work through your anger, who
 16 would do that counseling, what type of person, if
 17 not the specific person?
 18 A Well, it would depend again on your
 19 position in the company and your rank and/or
 20 coach, proctor, or if you are on the executive
 21 board status, so you would be counseled -- you
 22 could either be counseled by your coach, or you
 23 could be counseled by other people of higher rank
 24 based on who you are and what the issue was.
 25 Q And if that didn't work, you could be

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

33

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1 brought before a committee?

2 A Yes.

3 Q Who would serve on the committee?

4 A Well, it would depend on -- there were a

5 couple instances where there was an ethics

6 committee formed, and at that time it was made up

7 of what was called the executive board.

8 Q You served on the executive board;

9 correct?

10 A Yes, I did.

11 Q So that somebody could be brought

12 before the executive board because of displaying

13 anger towards Keith or Nancy?

14 A Well, I think it would be a more accurate

15 way to say is that if you were a coach or

16 above, and if there was some kind of conduct or

17 behavior that you did that was not upholding of

18 yourself and/or of the company, you could

19 potentially come before the ethics board. That

20 does not mean that there were cases that that

21 occurred in, that it was that your anger directed

22 at Keith and Nancy, although it was known that

23 should that be an issue, and should that become a

24 problem, that that's an outcome that could occur.

25 That only occurred in a couple of instances that I

1 Karen, Lauren, Barb Jeske, and Keith.

2 Q Anyone other than Kristin that you

3 are aware of, and yourself, who's been?

4 A I mean just about anybody on the executive

5 board. I mean I would say it's very fair to say

6 that the group that was counseled the most about

7 any issues that they might have against Keith and

8 Nancy would include myself, Barbara Jeske, Pam

9 Cafritz, Karen Unterreiner, Lauren Salzman,

10 Kristin Keefe. Those were the predominant ones.

11 And then ancillary would be Edgar Boone, Loretta

12 Garza, so we were the ones that were the highest

13 rank and leaders in the company, and we were the

14 ones that were held the most accountable to our

15 behavior and our conduct, and should something in

16 our conduct be negative, we would be mentored.

17 Q Did you ever see Nancy Salzman

18 display anger?

19 A Yes.

20 Q How frequently?

21 A Depends on how you define anger, so.

22 Q Did she ever raise her voice at

23 people?

24 A Yes.

25 Q For what sorts of things, if you

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1 know of. The more common way that your anger at

2 Keith and Nancy or others was addressed was in

3 smaller groups that would come meet with you to

4 discuss these breaches, so you might get a visit

5 by a certain group of people, or you might be

6 assigned a mentor group, you know, to counsel you

7 through this, so it could be anywhere from one to

8 four people that would be chosen based on the

9 person and based on the issue who would be the

10 most either skilled or compatible or effective

11 with the person or the issue.

12 Q Are you aware of anyone who was

13 counseled by a mentor group as a result of showing

14 anger towards Keith or Nancy?

15 A I mean myself.

16 Q Other than yourself, anyone that you

17 are aware of?

18 A Yes.

19 Q Who?

20 A Kristin Keefe.

21 Q Who was in her mentor group?

22 A Gosh, there's been so many, so I mean I

23 think it would be fair to say that Kristin's been

24 counseled and mentored over the years at different

25 times in different forms of groups by Nancy, Pam,

1 remember?

2 A Well, if you worked for her and something

3 wasn't done a certain way, or you weren't acting a

4 certain way, she could possibly speak with a tone

5 or be edgy or snappy in the trainings. During the

6 trainings that she was teaching, either a student,

7 but most frequently it would be either a coach or

8 a proctor or above, if there was some kind of

9 conduct or behavior that you were doing, or an

10 issue that she was addressing with you, she could

11 possibly be what I would call punishing, and that

12 could be anywhere from the way that she spoke to

13 you in front of the room, or about you, and/or the

14 tone that she might have used and/or the way that

15 she might have asked questions. So that was

16 within the trainings, and then so I mean there's

17 various examples.

18 Q Are you aware of any situation in

19 which Nancy Salzman was ever counseled based on

20 her anger?

21 A Yes.

22 Q You are?

23 A Yes.

24 Q By who?

25 A Both myself, and for a short time she

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

37

39

1 actually had a mentor group that included Sara
2 Bronfman, Siobahn, Becky Friedman, and Karen
3 Unterreiner specifically to help her work through
4 some of her issues, but then again, over the
5 years, we each would be mentored at various times
6 by various people on any of our issues.

7 Q Do you know whether Keith Raniere
8 ever counseled or otherwise addressed Nancy's
9 anger?

10 A I don't know -- Keith counseled and
11 mentored Nancy regularly about all of her issues.

12 Q Did anyone ever counsel or mentor
13 Keith for anything?

14 A Not that I am aware of.

15 Q Did anyone ever indicate that Keith
16 Raniere had committed an ethical breach?

17 A I often would say that.

18 Q Anyone other than you within the
19 organization?

20 A Well, when you say -- so in the context --
21 yes and no based on how you are asking me that
22 question.

23 Q Okay. Prior to 2009, are you aware
24 of anyone ever telling Keith that he committed an
25 ethical breach?

1 A Not that I'm aware of.

2 Q Was he ever brought before the
3 executive board for counseling?

4 A No.

5 Q Is there anyone in the organization
6 who had -- strike that. Now, after Kristin
7 Keefe's breach was cured, or she indicated to you
8 that she felt that her breach had been cured --

9 A I don't know that it was cured.

10 Q After she indicated to you that her
11 anger had subsided?

12 A Right.

13 Q Did she go back to performing normal
14 coaching duties?

15 A No.

16 Q What did she do?

17 A She for the most part became Keith's
18 right-hand person in all of his legal cases.

19 Q Were you ever aware of any action
20 that -- strike that.

21 Were you ever present when anyone from
22 NXIVM discussed taking action against Toni
23 Natalie?

24 A Yes.

25 Q What did you hear?

38

40

1 A Yes.

2 Q Would that be you?

3 A There is -- so what I can say is that
4 there's some people that would direct issues to
5 him or problems, and they would use the word
6 ethical breach. There are other people that
7 wouldn't use the word ethical breach, but they
8 would tell him that they felt as though he had not
9 treated them in a good way, or he had problems or
10 limitations, so the word ethical breach wasn't
11 necessarily always used, so in that context, the
12 week before I resigned, there were nine of us
13 total that spent 12 hours with Keith addressing
14 what we referred to as his ethical breaches and
15 the breaches of the company and leadership and the
16 executive board and other various people. In
17 addition there have been women that I am aware of
18 over the years that were involved with him who we
19 could just say had words with him in regards to
20 his conduct that was not favorable.

21 Q Now, did -- was any -- I may have
22 asked this already. If I did, I apologize. Was
23 any mentor group ever sent to Keith Raniere?

24 A No.

25 Q Was he ever counseled?

1 A In the beginning when I came around, the
2 conversations I heard were talk of her being a
3 person that they described was very suppressive, a
4 pathological liar, a thief, and someone that was
5 very mean and punishing and very difficult to be
6 with, so that was in the beginning, and then
7 somewhere, I would say a year after I was involved
8 there were many conversations that Keith was
9 having with what I would call the, lack of a
10 better word, the inner group or inner circle which
11 would include Keith, Nancy, Karen, Pam, Lauren,
12 Kristin, and Barb J, and there were conversations
13 about bringing a lawsuit against her in the
14 bankruptcy that she had filed and that the reason
15 for doing that would be because the goal and the
16 outcome was to have her be quiet, so the goal was
17 to bring a lawsuit against her so that hopefully
18 they could have her sign an affidavit, and in the
19 affidavit that she would swear to not speak of any
20 knowledge that she had of Keith or the group, and
21 that was their hope.

22 Q Did Keith ever encourage other people
23 to bring lawsuits against Toni Natalie?

24 A Yes. The first lawsuit that was brought I
25 believe was his, and then when that failed he

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

41

43

1 inspired Nancy to bring a lawsuit for some money
2 that Toni had borrowed from her on behalf of, my
3 understanding is, the company that Toni and Keith
4 had, and then when that failed, he inspired
5 Kristin Keefe to bring a lawsuit, so there's been
6 three lawsuits that he's inspired the girls to
7 bring.

8 MR. McGUIRE: Move to strike as
9 non-responsive and self-serving.

10 Q When you say he inspired them, what
11 did he do to inspire them to bring lawsuits?

12 A There would be conversations about how she
13 could possibly say things that were not true about
14 him and others that could destroy, if you would,
15 the mission, or be negative towards the company
16 and could be dangerous, and so there would be
17 conversations about why it was the ethical thing
18 to bring these lawsuits so that they could
19 eliminate her from being damaging or possibly tell
20 untruths to the company.

21 Q Did he indicate what untruths she was
22 likely to tell?

23 A Well, stories about him, meaning that he
24 was being purported to be an enlightened or
25 evolved human being, and that should she have a

1 A Yes.

2 Q And by enlightened, what do you mean?

3 A Not having any attachments or inner

4 deficiencies to the external world, not having any

5 areas where your logic would be clouded by issues

6 or fears or anger, and that you possessed certain

7 knowledge of people and the world and how things

8 worked because of that status.

9 Q You heard -- that's how you

10 understood the word enlightened or unified to be

11 used by NXIVM in general?

12 A Yes.

13 Q Are you aware of anyone from NXIVM

14 ever breaking into Toni Natalie's house?

15 A I'm aware that -- yes.

16 Q What are you aware of?

17 A When I was around in the early days, I

18 recall them speaking about how they would want to

19 get Keith's things, predominantly Kristin, and how

20 they had -- I believe it was Kristin that said

21 that she had broken into her house to get back

22 things that they believed were Keith's, or things

23 that they believed would be good to take.

24 Q What things?

25 A Letters that Keith had written to Toni,

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44

1 child with him that it would be a very special
2 child or another type of an enlightened being that
3 would come in, and that she could share stories
4 possibly about the number of female relationships
5 and intimate relationships that he had and how he
6 conducted his life, and that she might share some
7 things that were not true about their business and
8 how they lived their lives.

9 Q Did you ever hear Keith referred to
10 as an enlightened being?

11 A Yes.

12 Q Who did you hear refer to Keith as an
13 enlightened being?

14 A Keith himself and Nancy Salzman, Pam
15 Cafritz, Barbara Jeske, Karen Unterreiner, and
16 Lauren Salzman.

17 Q What did Keith himself say about his
18 enlightenment?

19 A Keith used the words, "I'm unified." And
20 the word unified was considered the same thing as
21 enlightened, so they were interchangeably used.

22 Keith, I want to say, on at least three separate

23 occasions shared with me that he was unified.

24 Q And you understood that to mean

25 enlightened?

1 personal belongings. Toni had materials from the
2 Consumer Buylines days and from other various
3 organizations, tapes, documents, records,
4 photographs, films, things like that.

5 Q Do you know if anyone directed

6 Kristin Keefe to break into Toni Natalie's house?

7 A I'm not aware of that.

8 Q Okay.

9 A Although these conversations would take

10 place with a number of them all present including

11 Keith.

12 Q That's what I was going to ask you.

13 Was Keith present when Kristin Keefe indicated

14 that -- strike that.

15 Was Keith Ranieri present when Kristin Keefe

16 indicated that she had broken into Toni Natalie's

17 house?

18 A Yes.

19 MR. McGUIRE: Object to the form of

20 that question.

21 Q Did Keith express any disapproval of

22 that action?

23 A No.

24 Q Did he express approval?

25 A I don't think he expressed anything. I

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

45

1 think he was just present. The girls would just
 2 talk.
 3 Q Were you ever present when Kristin
 4 Keefe expressed an intent to break into Toni
 5 Natalie's house?
 6 A No, because this was after. I came after
 7 that episode, so I was hearing stories of them
 8 talking about what had happened in the past.
 9 Q Did Kristin Keefe ever indicate to
 10 you why she had broken into the house of someone
 11 she was close to?
 12 A To -- I think the general gist was to get
 13 things that she thought might be damaging to Keith
 14 and the mission, and also to get things that she
 15 believed possibly were Keith's or things of the
 16 different companies they were involved with.
 17 Q You used the term the mission. What
 18 did NXIVM describe, or what did you hear Keith
 19 Raniere describe as the mission?
 20 A Well, I think it would be fair to say there
 21 were two missions.
 22 Q What are the two missions?
 23 A There was the mission that was talked about
 24 openly and publicly to everybody, and that mission
 25 was -- and there was a 12-point mission statement,

46

1 which I think encapsulates the overall mission,
 2 which is to become ethical human beings, and
 3 through that to affiliate with other ethical human
 4 beings to have ethical -- an ethical world, so
 5 there was the overall mission of the organization,
 6 which was to help each person evolve and grow, to
 7 remove themselves of any of their limitations so
 8 that we could be more ethical or more
 9 compassionate people, and through that, to be able
 10 to help all people, so I think that was the
 11 general overall mission that was publicly talked
 12 about, and then there was what I refer to as the
 13 mission within the inner circle or the inner
 14 group, and oftentimes those things were not talked
 15 about because Keith propagated, Keith and Nancy,
 16 propagated that things need to be scientific,
 17 verifiable, duplicatable, and so within the
 18 workshops, things were always done in that
 19 fashion. However, in the inner circle, the inner
 20 group, which was around seven or eight people that
 21 I've named, it was -- the goal was to -- that we
 22 had a slightly different mission.
 23 Q I am going to have to change tapes.
 24 I will ask you a follow-up.
 25 A Okay.

47

1 THE VIDEOGRAPHER: This completes
 2 videotape one. Off the record 11:32 a.m.
 3 (Discussion off the record.)
 4 THE VIDEOGRAPHER: Standby please.
 5 This is videotape two. Back on the record 11:34
 6 a.m.
 7 Q Ms. Bouche, what was the mission
 8 that was discussed within the inner group of
 9 NXIVM, the group of about seven people that I
 10 think you mentioned?
 11 A What was discussed was that Keith being an
 12 evolved human being before he came into this
 13 lifetime had made a commitment to some of the
 14 people in the inner group to help them become
 15 enlightened or help them evolve in this lifetime
 16 and that we represented what was called archetypes
 17 of certain personalities or certain types in the
 18 world and that we were chosen for these roles, and
 19 that because of that, it was important that we
 20 worked together as a group and we were
 21 representative or symbolic, if you will, of
 22 evolving people, and that should we evolve that
 23 the archetype that we represented would evolve
 24 with us, kind of like the 100th monkey theory in
 25 science, and that also because of who Keith was,

48

1 within this circle there were things discussed
 2 that was not discussed in the general public or
 3 with other people, such as Keith's relationships
 4 and intimate relations with us, how Keith lived or
 5 conducted his life, and certain things that were
 6 not scientific and were not proven were discussed
 7 within this group, and also other various notions.
 8 Keith wanted to create his own currency. He
 9 wanted to have his own country. He wanted to do
 10 certain things in the world, and so there were
 11 certain groups of people that we knew that would
 12 be best to work with or enroll or to focus on, and
 13 there were certain things talked amongst this
 14 group about the organization that wasn't commonly
 15 talked about.
 16 Q Were there discussions to the effect
 17 that you weren't supposed to share this
 18 information with other Espians?
 19 A Yes.
 20 Q Now, you mentioned that each person
 21 in the group represented an archetype. Can you
 22 tell me who the people were and what archetype
 23 Keith said they represented?
 24 A Starting with Nancy Salzman, she was
 25 considered an accommodator and represented that

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

49

51

1 archetype.
 2 MR. CROCKETT: Can I have that word
 3 again?
 4 THE COURT REPORTER: Accommodator.
 5 A I don't remember the titles of each person,
 6 but that was the general gist I remember about
 7 Nancy. Pam was another archetype, and she was
 8 kind of not responsible. I was considered an
 9 archetype. I was a producer, entrepreneur and
 10 would say that I made myself a victim. Lauren was
 11 an archetype.
 12 Q That's Lauren Salzman?
 13 A Lauren Salzman.
 14 Q What was she an archetype of?
 15 A Suffering. And then Karen Unterreiner and
 16 Barbara Jeske.
 17 Q What was Karen Unterreiner an
 18 archetype for?
 19 A I don't -- you know, this was talked about
 20 in the earlier days rather than the later days,
 21 but Karen was not very interactive with people so
 22 very shut down.
 23 Q How about Barbara Jeske?
 24 A Barbara Jeske was very aggressive or like a
 25 forceful kind of personality.

1 that somehow what was going on with us as a group
 2 antigenically and/or what possibly might be going
 3 on in the world could possibly be reflected in
 4 certain ailments or conditions or problems within
 5 his physical body.
 6 Q So that if something was happening in
 7 the world that could have a -- can you give me an
 8 example of that?
 9 MR. CROCKETT: Example of what he
 10 said?
 11 Q Strike that. Could you give me an
 12 example of what he said about something in the
 13 external world affecting his physical body?
 14 A I can just use myself.
 15 Q Okay.
 16 A It was said that he was the most connected
 17 to me, that I was the most familiar and similar to
 18 him as a person, and because of this deep
 19 connection, and I was the, if you will, the chosen
 20 one, that what I would do could have an effect on
 21 his body. So, for example, if I took drugs or
 22 alcohol, that he would feel that in his body
 23 antigenically. If I ate meat or fish, that that
 24 would be like poison in his body, and that if I
 25 had a negative reaction to him or to others, that

50

52

1 Q Was Kristin Keefe part of this group?
 2 A Yes, I believe so.
 3 Q What was she an archetype for?
 4 A I don't remember. I mean we were all
 5 considered chosen and archetypes for certain
 6 things in our personality types.
 7 Q Chosen by who?
 8 A Well, these were some of the things that
 9 there were never any clear answers for because
 10 they suggest a higher power, or they suggest that
 11 we don't have that knowledge, but that maybe Keith
 12 had that knowledge, or that Keith had gotten that
 13 knowledge from some other place, so these were
 14 questions I would ask all the time, but there was
 15 never a clear answer other than Keith knew or
 16 Keith was aware.
 17 Q So it was understood Keith knew who
 18 did the choosing?
 19 A Yes.
 20 Q You mentioned that Keith Raniere
 21 would express non-scientific things during these
 22 sessions. Such as what?
 23 A That he was unified. He would also say
 24 that he felt that his physical body was a
 25 manifestation of universal cause and effect, and

1 that could also have a very negative effect on
 2 him, and it was numerated quite often over the
 3 years that I was taking his life force, and, you
 4 know, could be robbing him of years of his life
 5 because of my negative reactions, and that it was
 6 quite often that Nancy, Pam, Lauren, Karen,
 7 Kristin would call me to share with me that they
 8 either just got off the phone with him or they
 9 were aware that I was having a negative reaction
 10 to him, and because of that he was unable to work,
 11 perform, get about physically or whatever because
 12 he was sick or physically compromised because of
 13 my negative reactions to him, and then it was
 14 purported that should I ever leave that it could
 15 actually possibly kill him because of this
 16 supposed spiritual connection. That's an example
 17 of something that wasn't, if you will, scientific
 18 and had certain inability to prove that that was
 19 true.
 20 Q Did he ever tell that your attitudes
 21 affected the stock market?
 22 A Yes.
 23 Q What did he say about that?
 24 A Well, early on in my relationship, he had
 25 come to me -- this was before I knew about his

Bouchee, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

53

55

1 involvement with other women or other certain
 2 things. It was early in our relationship. That
 3 he had a mathematical formula for commodities that
 4 he wanted to experiment with, and would I be
 5 willing to put in 25,000, he could put in 25,000,
 6 and he would experiment with this 50,000.
 7 However, he didn't have the 25,000 at the time so
 8 he wanted to borrow the 25 from me, and he wanted
 9 to put it in my name and not have it be a joint
 10 account because he was telling me that this was
 11 after the Consumer Buyline days and that there
 12 were legal lawsuits that had been pressed against
 13 him, and he felt that the government was watching
 14 him, and he thought that it was best that they not
 15 know that he was associated with this all, and
 16 that he wanted it to be just in my name.
 17 Shortly -- and then, you know -- and then he said
 18 that the only thing that I could possibly lose was
 19 just my 25,000, and I could -- we could lose his
 20 25,000, but because he was borrowing it from me
 21 that he was going to pay me back the 25,000, so we
 22 began with the 50,000 in my name, and within a few
 23 weeks, he had come to me to say that he needed
 24 \$600,000, and that was when I first learned what
 25 was called a margin call of puts and options, and

1 archetype that I represented and because of who
 2 Keith was, that this was having an effect on the
 3 commodities product, and that, in fact, it was
 4 actually my fault that it was going down and I was
 5 losing money, and Nancy would call me or Pam or
 6 Kristin to come over and mentor me or give me an
 7 EM or counsel me on my supposed attachment to my
 8 money and my negative reaction to Keith about the
 9 whole thing.
 10 Q Now, you mentioned that you and Keith
 11 would borrow money from various people. Was one
 12 of those individuals Michael Sutton?
 13 A Yes.
 14 MR. CROCKETT: Can we take a break, a
 15 bathroom break.
 16 MR. KOFMAN: We may, sure.
 17 THE VIDEOGRAPHER: Off the record at
 18 11:47 a.m. Off the record.
 19 (Break taken.)
 20 THE VIDEOGRAPHER: Back on the record
 21 at 12 noon.
 22 (Record read.)
 23 Q How much money was borrowed from
 24 Michael Sutton in connection with this commodities
 25 trading?

54

56

1 it was a pretty traumatic for me, because at that
 2 time I had a million and a half saved, and this
 3 was half of my savings, and he explained to me
 4 that there was a fluke in the orange crop and
 5 things were going on that were unexplainable, and
 6 that this 600,000 would be temporary, and over the
 7 course of the next three or four months the losses
 8 totaled four and a half million dollars, of which
 9 1.7 million was my own money, and during this
 10 period of time, and alleging that he couldn't
 11 stop, he couldn't get out of it, he couldn't sell
 12 it, and as you can imagine, this was my life
 13 savings, and also I went into debt, and because of
 14 this we also borrowed money from various different
 15 people to cover for these losses. What was being
 16 propagated at that time both from Keith, Nancy,
 17 Pam, and Kristin, those are the ones that I
 18 remember the most vividly, was that my reaction to
 19 losing my money was an attachment to a material
 20 possession, and that because of my attachment, my
 21 negative reaction to his losing my money, that
 22 this was causing him great physical harm and
 23 illness, and that, in fact, it was causing the
 24 commodities to be worse, that I was having on a
 25 universal spiritual level, because of the

1 A Approximately \$1.3 million.
 2 Q When did this -- this was a loan from
 3 Michael Sutton to whom?
 4 A Well, the answer to that is two-fold. One,
 5 the name on the loan was my name because the way
 6 that commodities works is that everything needs to
 7 come from the person that the account is in the
 8 name of, and since the account was set up in my
 9 name, the loan needed to be given from Michael
 10 directly to my name, and then from my name
 11 deposited into my account, and what we knew,
 12 Keith, Nancy and I, and others that were aware of
 13 this, of what was going on with that, it was Keith
 14 and Nancy that was borrowing the money from
 15 Michael Sutton because Keith -- it was his
 16 responsibility for this investment turning out
 17 this way because he didn't educate me what he was
 18 doing, and he accepted responsibility for the
 19 failure of his model, and what was being borrowed
 20 was to be paid back by them.
 21 Q If you know, who approached Michael
 22 Sutton about borrowing \$1.3 million?
 23 A I recall both Nancy and I being in a
 24 meeting with him, although I believe that Nancy
 25 may have called him and set it up. I don't know

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

57

59

1 who initiated the call, but I recall that the two
2 of us initially met with him down at the center on
3 New Karner Road, although when we borrowed money
4 from him it was various amounts, so it wasn't all
5 of that in the beginning. This took place over
6 the course of a four-month period of time, and the
7 first loss that Keith asked me for was from me
8 personally for \$600,000, and then each week there
9 were more amounts that he needed to cover
10 supposedly temporarily for this margin call, and
11 so, of course, I exhausted my money, and then --
12 well, not all of it, but a good portion, and then
13 we went to Michael next, but we didn't need all of
14 that, so it was over the course of four months
15 that we might continually go back and ask for more
16 from him and then from various other people.

17 MR. McGUIRE: Move to strike as
18 conjecture on her part about this telephone call.

19 MR. KOFMAN: Okay.

20 Q What year did this take place?

21 A 2000. This took place between September of
22 2000 and February of 2001.

23 Q Now, the meeting that you attended
24 with Nancy Salzman and Michael Sutton, what was
25 discussed?

1 conversations, so there were times when we were
2 all together, and we were all talking about it,
3 including Keith, and there were conversations that
4 each one of us had individually.

5 Q Were you present at conversations
6 with Keith and Michael about the subject of loans
7 to cover commodities losses?

8 A Yes.

9 Q Where did those take place?

10 A You know, there were conversations
11 sometimes down at New Karner Road. I can't say
12 for sure that they were at Nancy's house or at my
13 house, but it was a long time ago, but whatever
14 those locations were.

15 Q How did it come about that Michael
16 Sutton was the next person approached after you to
17 put money in to help to cover these margin calls?

18 MR. McGUIRE: Object to form.

19 Q How did it come about that after you
20 no longer had -- were able to contribute more
21 money that someone went to Michael Sutton on
22 Keith's behalf?

23 MR. McGUIRE: Object to the form.

24 Q You can answer.

25 A It was thinking of who did we know that

58

60

1 A That Keith -- explaining to him that --
2 now, I also should say that Michael Sutton had
3 opened up an account in his name that Keith was
4 trading in as well. There were -- an account --
5 there were a couple of accounts in my name. There
6 was an account in Nancy Salzman's name, and I
7 believe an account in Michael Sutton's name, so
8 Michael had become aware that Keith was
9 experimenting with his formula in the commodities,
10 and so but during this meeting, of course, we were
11 all concerned about what was going on with Keith's
12 formula, and so what was presented to Michael was
13 that because of Keith being this evolved person
14 that there were things that we couldn't quite
15 explain. In addition, there was some flukes going
16 on in the orange crop and whatever it was that
17 Keith was buying that seemed unexplainable and
18 freaky, and that Keith was confident, because he
19 was confident throughout this whole thing, that it
20 was temporary, and that ultimately his options he
21 was trading were going to do well, and it was just
22 going to take a little bit of time. So we
23 presented that, you know, we were confident that
24 it was temporary now, and that's the initial, but
25 there were different meetings and different

1 would, one, have money; two was -- let me say was
2 someone that we felt that we could trust and
3 someone that would be open to doing that.

4 Q Okay. And Keith understood that
5 Michael Sutton had money?

6 A Yes.

7 Q How did he understand that?

8 A I think it was commonly known that Michael
9 was a partner in one of the leading children's
10 clothing manufacturers in New York City and that
11 he and his family were wealthy.

12 Q How long had Michael Sutton been
13 involved in NXIVM before Keith asked him -- before
14 Michael was asked to loan money?

15 A I don't know. Maybe a number of months.

16 Q Okay. Getting back to the loans, is
17 there some documentation that evidences, is there
18 documentation that evidences these loans?

19 A Michael has -- it's like a one-page, maybe
20 two-page, document that stipulates the loan
21 with -- that, of course, I've signed.

22 Q Okay. What were the terms of
23 repayment?

24 A That I think there was a certain interest
25 rate. I don't remember, but I want to say

Bouchee, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

61

63

1 somewhere between 7 and 12 percent, maybe 7 to 10
 2 percent interest rate, or it may not have an
 3 interest rate on it. It's been a long time. But
 4 there's some kind of interest on it and a promise
 5 to pay back. The way that it was understood
 6 between us is that it wasn't me that was going to
 7 pay it back. It was Keith, and Michael always had
 8 the understanding he felt that should any time
 9 that he need the money that he could go to Keith
 10 and demand that the note be paid, and because
 11 Michael didn't necessarily need the money, and
 12 Michael knew that it might be a challenge for
 13 Keith to come up with the money, as well as with
 14 me over the years that, you know, it was never
 15 demanded to be paid but understood that it could
 16 be paid should he ask for it.

17 Q Do you have a copy of that one-page
 18 document because you indicated that Michael had a
 19 copy? Do you have a copy?

20 A I am not sure. I might have, but I haven't
 21 looked for it.

22 Q Do you have other documents that
 23 relate to the loans that Michael Sutton gave?

24 A I have a spreadsheet of the different days
 25 and the different amounts that were given.

1 actually my name on the loan. I had forgotten
 2 that, because in my mind it wasn't my loan, it was
 3 Keith and Nancy's. So when he reminded me that it
 4 was me that had signed the loan, I remembered
 5 that, and I said okay, and so I went to Nancy and
 6 had shared with Nancy that I had this conversation
 7 with Michael, he reminded me about the loan, and
 8 that I wanted her to get my name off the loan. I
 9 wanted them to redo the loan, and over the course
 10 of like five months I brought this to her
 11 attention several times, and then she told me that
 12 she had told Keith, that he was, you know, going
 13 to get back to her, and then when I didn't get a
 14 response back from her, I just myself talked to
 15 Keith about it on several occasions, and Keith
 16 said that he would take care of it, that he would
 17 get his -- my name off and that would he take care
 18 of this, and so I had shared this with Michael,
 19 and Michael and I had talked about how Michael's
 20 understanding again was, he said, "Barbara, I
 21 always thought that any time I wanted it, I could
 22 just go and demand it of Keith," and because I was
 23 concerned that because my name was on the loan,
 24 could I be the one -- my concern was that if he
 25 were to die, being that I am a financial planner

62

64

1 MR. KOFMAN: Counsel, I recognize
 2 that that was not called for, I don't believe, may
 3 not be included in the subpoena. What I am going
 4 to do is double-check the subpoena, and if it
 5 wasn't called for, I may serve you a new subpoena
 6 just for documents that would include these
 7 records.

8 MS. RYAN: Whatever it is, just put
 9 it in writing, and if you believe it's covered,
 10 give me a call, we'll talk about it. If not, a
 11 new subpoena will be necessary.

12 MR. KOFMAN: Thank you.

13 Q Do you know whether any portion of
 14 that loan has ever been repaid to Michael Sutton?

15 A Based on a conversation that I had with
 16 Michael within the past year, the answer is no.

17 Q During that conversation that you
 18 had, did you discuss whose responsibility it was
 19 to repay?

20 A Yes.

21 Q What was discussed?

22 A Well, I shared with him that I had brought
 23 it to Nancy's attention last year because Michael
 24 had called me up to talk about the loan, and it
 25 was at that time that he reminded me that it was

1 and I am into all this stuff, my concern was that
 2 if he were to die, and his estate were to settle
 3 his estate, that they would see this loan, and
 4 that my name was on the loan, and nobody would
 5 understand that it wasn't my loan, so it was my
 6 concern to get that addressed. And so that's when
 7 he and I had this conversation, and I told him, he
 8 says, "Well, what can I do to help you?" And I
 9 said, you know, "I don't know, because I am not
 10 getting a response out of Keith and Nancy although
 11 they are saying they are working on it," and so
 12 Michael had told me that he did come up to
 13 volleyball one night and to just have a talk with
 14 Keith himself about this to see if he could help
 15 me get the loan changed into Keith and Nancy's
 16 name.

17 Q And do you know whether Michael ever
 18 had that conversation at volleyball?

19 A I'm not aware that he has. That doesn't
 20 mean that he didn't, but I'm not aware if he did.
 21 That conversation with him was about three months
 22 ago that he said he was going to come up to
 23 volleyball.

24 Q Now, you also indicated that Michael
 25 Sutton invested money in an account in his own

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

65

67

1 name. How much money did he invest on these
2 commodities?

3 A I don't know for sure.

4 Q Can you approximate?

5 A My guess is that it's probably 100,000 or
6 more, but I can't be sure.

7 Q Do you have documentation related to
8 that?

9 A Not on his account. I do on myself, not on
10 Nancy, from the very beginning of 2000, so I have
11 those statements, but I don't have Michael
12 Sutton's.

13 Q Do you know if Michael Sutton made or
14 lost money on the commodities?

15 A I believe he lost. I mean in that original
16 go-around, my original 50,000 -- between my
17 account, Nancy's account, between those two
18 accounts, the losses amounted to about four and a
19 half million dollars, and then Michael had his own
20 account, and I don't know what his losses were. I
21 am not quite sure if his was included in my figure
22 of the four and a half million. It might be, but
23 I want to say not, but it's been a while, so I'm
24 not sure.

25 Q But the \$1.3 million loan is included

1 Vanguard Week, which was the annual conference,
2 and I also was in charge of some of the humanity
3 events, so there were at various times I
4 personally would go to different people to get
5 them to sponsor certain things. So there were
6 various times that Michael donated money in the
7 form of sponsorships for certain social events
8 that might have been going on.

9 Q How much money did he donate to your
10 knowledge?

11 A Probably over the years, I would say maybe
12 10 to 20,000, another amount.

13 Q Okay. Now, what is Vanguard Week?

14 A It is a -- it's a conference held once a
15 year, and anybody that's ever taken anywhere from
16 a one-day workshop and any other programs or
17 coaches, students and above, would be invited to,
18 and it began by being a one-day event, which was
19 just -- and then turned into a weekend and then
20 five days and then into 10 days over the years.

21 Q Is Vanguard Week meant as a
22 celebration of Keith Raniere's birthday?

23 A Well, it began that way because the first
24 one was in the summertime of 2000, and it was just
25 a one day to celebrate his birthday, and it was

66

68

1 in that four and a half million; correct?

2 A Yes.

3 Q Now, strike that. Are you aware of
4 any other loans that Michael made -- strike that.
5 Are you aware of any loans that Michael made to
6 NXIVM?

7 A I'm aware because of things that I have
8 overheard, but I don't know the exact amounts, but
9 I believe he has helped them at different times
10 with some legal fees possibly and/or just cash
11 flow or operations, although I can't be sure.
12 I've heard it, but it's not like I've seen it in
13 paper or whatever.

14 Q Who did you hear it from?

15 A I think I've heard Michael talk about it or
16 Nancy or different people. I mean just kind of in
17 passing or whatever.

18 Q Other than loans, do you know of any
19 gifts that Michael has given to NXIVM?

20 A No, I don't. No. Well, actually, that's
21 not true. It depends on how you define gifts.

22 Q Do you know of anything else that
23 Michael Sutton has transferred to NXIVM with the
24 understanding that it would not be repaid?

25 A Over the years I ran what was called

1 local, and then the following year, to celebrate
2 his birthday we did a weekend up at Pyramid Lake,
3 and then it kind of evolved from there, so it's
4 origination is to celebrate his birthday, but then
5 it started to encompass to be an event that would
6 allow people to come to learn, meet each other,
7 to, you know, to hear different presentations and
8 speakers and different modules ranging from arts
9 to music to science to curriculum to whatever.

10 Q When you were at NXIVM, did it
11 coincide with Mr. Raniere's birthday?

12 A It always revolved -- it would encompass
13 his birthday. That was the intent.

14 Q The name Vanguard Week, am I correct
15 that within the organization, Keith Raniere is
16 Vanguard?

17 A Yes.

18 Q Are you familiar at NXIVM with the
19 subject of tribute?

20 A Yes.

21 Q What is tribute?

22 A Tribute is acknowledging or recognizing
23 another person's accomplishments, achievements, or
24 contributions to something that they've done or
25 participated in.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

69

71

1 Q Are NXIVM students encouraged to
2 offer tribute to people who have done something
3 for them?

4 A I think in general you are encouraged to
5 give tribute or credit where credit is due or
6 recognize people.

7 Q Does tribute within NXIVM
8 occasionally take the form of gifts of tangible
9 things?

10 A What do you mean by tangible? You mean
11 like -- yes, I would say so.

12 Q Including gift of money?

13 A Yes.

14 Q As part of Vanguard Week were these
15 tributes routinely offered to Keith Raniere?

16 A Yes, yes.

17 Q How?

18 A An example might be I started what was
19 called the Vanguard Executive Library Fund. In
20 the first year I raised about \$50,000, and it
21 would be contributed to him, and this would allow
22 him to use those funds to buy books or other
23 materials to create a library for himself, so that
24 was done -- it's been done since I started it, so
25 I think -- I started it I think in 2005, and I

1 and then my understanding is somehow those moneys
2 got deposited someplace and to be made available
3 to him for his use to purchase things. So that
4 was an example. Another example was there was a
5 piano bought for him out of one of the
6 foundations, the Ethical Humanitarian Foundation,
7 a \$40,000 piano bought that is in Nancy's house
8 for his use. Another is, you know, different
9 things that he would create, say for A Cappella,
10 he created an A Capella festival, and people were
11 inspired to donate money to further that cause. I
12 also started the Ethical Humanitarian Foundation
13 in, I think, it was 2003, 2004, somewhere around
14 there, and it was -- and I raised about half a
15 million dollars, and these moneys originally were
16 to go into a foundation that would be dedicated to
17 the pursuit of science, education, and the
18 furthering of ethics.

19 Q And who had access to the money?

20 A Well, it's gone through some different
21 gyrations, so in the beginning I went and raised
22 the money, so the half million that was raised,
23 about 350,000 of it was actually collected. Of
24 that amount, there was a gentleman that was hired,
25 his name is Joe O'Hara, to form -- to buy a

70

72

1 think it's been done every year since then. I
2 know for sure the next year because I was in
3 charge and ran it again the following year, so
4 that's one example.

5 Q Was an executive library created?

6 A What's that?

7 Q Was an executive library created?

8 A What do you mean?

9 Q You gave Mr. Raniere \$50,000 to start
10 an executive library. Do you know if he did so?

11 A Oh, I know that he started to buy books,
12 yes.

13 Q Where are the books kept?

14 A He has -- lives in a townhouse in Noxwoods,
15 and on the second floor they created an area with
16 bookshelves for him to keep the books, and so
17 predominantly they are there, although they could
18 be in other locations. I mean it's not
19 figuratively a real library, but it was a source
20 of money that he could use to buy things. Now,
21 with that being said, there was never to my
22 knowledge an official nonprofit foundation ever
23 created. It was moneys through credit cards and
24 checks that I collected the numbers and the
25 checks, and I handed them over to Kathy Russell,

1 nonprofit. What we decided is when you form a
2 nonprofit, it takes two years for the approval
3 process, and during that period of time, if
4 anybody donated money to the foundation, it could
5 possibly be disallowed, your tax deduction, should
6 it not be approved, so it was decided that it
7 would be best that we find an existing one that
8 was already approved so that those moneys could be
9 deposited, and apparently Joe O'Hara was -- one of
10 his responsibilities was to find that. That
11 apparently was found, a foundation. It was called
12 -- I don't even remember the word, something like
13 Human Analysis, or something like that, and my
14 understanding is is that some of the money was
15 deposited into this foundation that originally Joe
16 was a trustee of, and then there was some things
17 that went on with that where the moneys were
18 questioned, and the legitimacy of that was
19 questioned, and all that I know is that some of
20 that money reappeared I think it was like March of
21 last year, 2008, Sara and Clare Bronfman had come
22 into a training and had gathered together some of
23 the people that had donated the money because the
24 original was that anybody that donated 25,000 or
25 more, we had a meeting, and we were going to be

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

73

75

1 what was the called the board, and we collectively
 2 would decide where those moneys would go, so that
 3 was the original intent of it, that we would have
 4 voting on this, but through the gyrations of this
 5 money, and what happened and where it went, when
 6 the money was recovered back from that foundation,
 7 or from Joe O'Hara, Sara and Clara indicated that
 8 they were going to deposit it into one of their
 9 existing non-profits and that they were asking the
 10 members, the group of us that donated 25,000,
 11 although not all of us were represented there,
 12 were we okay with them depositing it in their
 13 foundation, and what they wanted to do was
 14 possibly use those funds to fund one of Keith's
 15 other projects, which might be like Rainbow
 16 Gardens or something like that. What I know is
 17 that there was nothing ever said about it after
 18 that point, and I had written some letters to
 19 Sara, Kristin Keefe, Kathy Russell and to inquire
 20 with them where the 350,000 was, because
 21 originally it was 350,000 that was collected, and
 22 this amount that they had reclaimed from Joe was
 23 around 250,000, and so I brought that to their
 24 attention and wanted to know where the difference
 25 in the money was, and then secondly, to bring to

1 MR. KOFMAN: I will include that in
 2 my letter to you on further subpoena, Ms. Ryan.
 3 MR. CROCKETT: Let me just say that
 4 that would be an invasion of the privacy of third
 5 parties under NAACP versus Alabama.
 6 MR. KOFMAN: We could perhaps agree
 7 on a redaction so that if, for example, Michael
 8 Sutton's names appears, and you can and I can
 9 certainly talk about that after the subpoena is
 10 served and before documents are produced, since
 11 what I am looking at is if Michael Sutton gave
 12 money.
 13 MR. CROCKETT: Okay.
 14 MS. RYAN: Why don't you both confer
 15 before you serve the subpoena, and then we will
 16 know there was no issue.
 17 Q When the idea for the Ethical
 18 Foundation was originally conceived, was it Keith
 19 Raniere who was going to have discretion as to
 20 what the money was going to be used for?
 21 A I guess the answer to that is yes or no.
 22 Q What do you mean?
 23 A The yes is that there was a group of us,
 24 again, the people that donated 25,000, we went to
 25 Mirror Lake Inn shortly thereafter for three days,

74

76

1 their attention that the people that were present
 2 in the room that they invited did not all make
 3 their 25,000, and there were people -- so my
 4 understanding is that money was deposited in Clare
 5 and Sara's foundation. I believe, although I
 6 haven't seen the actual record lately, I think
 7 it's possible that the trustees of that foundation
 8 are both Sara and Clare and quite possibly Keith
 9 Raniere as well.
 10 MR. McGUIRE: I move to strike much
 11 of the conjecture in that answer.
 12 Q Just to go back, you said you
 13 solicited money for this project which was
 14 originally going to be the Ethical Foundation.
 15 The people from whom you solicited money, were
 16 they NXIVM members?
 17 A Yes.
 18 Q Did you solicit money from Michael
 19 Sutton?
 20 A I'm not sure. I think so, but I have a
 21 list of the people that were solicited from, but I
 22 don't remember.
 23 Q Do you have a list of the people who
 24 made contributions?
 25 A Yes.

1 and during that three days Keith led the group
 2 through some philosophical conversations and
 3 discussions about what would we do with that
 4 money, how would we do it, and so Keith and Nancy
 5 were very involved with the group of us to explore
 6 how best to use this, so he wasn't going to be the
 7 only one. There were a number of us, so the
 8 answer to that is no, it wasn't at his sole
 9 discretion, and then the answer to that being yes
 10 is that you have to understand that it was
 11 generally perceived that Keith was the most
 12 intelligent, ethical, knowing of how things should
 13 be done, and we all subscribed to what he thought
 14 or his views of something, and should your views
 15 be different, he could -- Keith was very good at
 16 facilitating conversations that could elicit from
 17 you that perhaps his view of it was the correct
 18 view of it.
 19 Q In general, Keith would show people
 20 the error of their ways?
 21 MR. LEONARD: Object to the form of
 22 the question.
 23 MR. McGUIRE: Join.
 24 Q Your experience is that if someone
 25 disagreed with him, his practice was to attempt to

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

77

79

1 show them the error of their ways?

2 MR. McGUIRE: Same objection.

3 Q Is that correct?

4 A I don't -- I think it would be more

5 accurate way to say that he either in a

6 conversation with you one-on-one would share with

7 you the illogic of your thinking and bring you

8 around his line of thinking, or he would task

9 people, others, to go to you to help you

10 understand, or he could create a exploration of

11 questions or a module that would address that, so

12 Keith had various ways to inspire and influence

13 someone to understand or perceive that in the end

14 really he knew more, saw more, understood more,

15 was smarter, more intelligent, more systems

16 thinking, and saw how more things related, so,

17 therefore, he had what he called -- there is a

18 word -- earned authority is what he called it. So

19 he had earned authority and had earned the

20 position to understand that he knew more than you

21 did.

22 Q Did you observe Keith using these

23 strategies?

24 A Yes.

25 Q Would you characterize them as

1 A I was the Bronfmans' financial planner, and

2 in that capacity I had sought out some research

3 for them with certain estate planning attorneys to

4 understand the different trusts that they had, in

5 that I had discovered that they had charitable

6 remainder trusts, each of them did, and that they

7 were allowed to change the beneficiary to have the

8 beneficiary be one of their choosing, as long as

9 it qualified in a certain terminology as a

10 charity, and when I discovered this, I brought

11 this to their attention, and I shared with them

12 that I thought it might be a great idea that they

13 could name the Ethical Humanitarian Foundation as

14 the beneficiary which would then ultimately be

15 used to support Keith's projects or explorations

16 or pursuits, and they liked the idea, and so we

17 made up a big cardboard check that looked like a

18 check and put whatever the amount was, I think it

19 was like 20 million or something like that on it,

20 and shared with at the convention that, you know,

21 the Ethical Humanitarian Foundation would be the

22 benefactor of that 20 million, and we presented

23 that check to Keith, because it was generally

24 understood that the Ethical -- you know, the

25 Ethical Humanitarian Foundation was to go to

78

80

1 manipulation?

2 MR. LEONARD: Object to the form of

3 the question.

4 MR. McGUIRE: Join.

5 MR. CROCKETT: Join.

6 Q You can answer if you can.

7 MS. RYAN: You can answer if you can.

8 Would you like the question read back?

9 Q I can withdraw.

10 A I would say that Keith was very good at

11 manipulating a conversation to his view.

12 Q In your observation did Keith

13 ordinarily prevail on his getting his way?

14 MR. LEONARD: Objection to the form

15 of the question.

16 MR. CROCKETT: Join.

17 MR. McGUIRE: Join.

18 A My observation of Keith is is that if he

19 wanted something a certain way or a view,

20 eventually you would probably see that it way.

21 Q Did you ever observe in a Vanguard

22 Week Keith being presented with a check for

23 millions of dollars by the Bronfmans?

24 A Yes.

25 Q Can you tell me about that?

1 pursuits that Keith, you know, thought would be

2 good pursuits in the world.

3 Q Now, to step back a moment, when you

4 were telling me about the second mission of NXIVM

5 that was known to the inner people, you said that

6 Keith wanted to have his own currency and his own

7 country. What do you mean by that, or can you

8 elaborate on that?

9 MR. McGUIRE: Object to form.

10 Q Strike that. What did Keith Raniere

11 specifically say that about that matter?

12 A My recollection is is that I on my first

13 night of meeting Keith during my intensive, we

14 were sitting in the training room, and Nancy was

15 there, I think Barb, Kristin, Pam, a various

16 number of people that I would call from the inner

17 group, and it was in that evening that for the

18 first time I had heard Keith share with me that

19 ultimately because he felt that the world was in

20 the state that it was in that he thought that it

21 would be -- it was his goal and his quest to have

22 a -- you know, create his own currency where it

23 could be ethical money, and people doing exchanges

24 ethically, and that ultimately to have a location

25 or an area or a country where that could be done,

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

81

83

1 and my understanding was is that some of the
2 people may be -- like I know that Nancy had not
3 ever heard that before because she had gotten a
4 little bit upset that night because here I was my
5 first day, I didn't know Keith, and he was sharing
6 these concepts and things with me, so on my very
7 first day of meeting him he began sharing his
8 vision and his goals, and then, of course, over
9 the course of the years that was something that
10 was shared.

11 Q I was going to ask did he say that on
12 more than one occasion?

13 A Yes.

14 Q How frequently?

15 A At least a dozen times or more.

16 Q In your understanding, was he saying
17 this as a sort of a pie in the sky wish or
18 something that he believed could become reality?

19 MR. LEONARD: Objection to form.

20 MR. McGUIRE: Join.

21 Q What was his tone, if you know, when
22 he was speaking about this?

23 MR. McGUIRE: Can I have the question
24 read back?

25 Q Strike that. Did he explain to you

1 was that if we had enough people with enough
2 acreage that have this Indian descent that we
3 could then buy enough land, and then that land
4 could be considered its own sovereignty kind of
5 like the Indian reservations. That was another
6 concept. Another concept was there was a woman,
7 Sue White, from Australia and some other various
8 people that we researched, because I think there's
9 someplace in Australia where they were able to
10 create their own country within the country, and
11 so she did some research, and we explored another
12 concept is was there a way to take an existing
13 small country, or something like that, and be able
14 to buy that, and so if you actually had your own
15 country, maybe one that existed, or you could
16 create your own country, that within that country
17 then you could then create your own currency, so
18 there were some very well thought-out ideas and
19 concepts. Now, this is where I say that there was
20 two missions. There was a mission that was talked
21 about generally publicly to everybody, and then
22 there were certain concepts and ideas that maybe
23 were not spoken to everybody unless Keith thought
24 that that person was someone that you could
25 divulge that information to.

82

84

1 how he hoped to make these things a reality?

2 A Yes. There were different ways that he
3 thought that these things could be done. He had
4 different concepts and ideas. One was the
5 Business Coalition and The World Change Network,
6 or however the name of it was, and the overall
7 mission of those would be to have a membership
8 club of different businesses, and then within that
9 we could create our own currency of exchange, and
10 people could trade based on this currency, so that
11 was one. He had a patent for a casino idea that
12 within the casino, the currency that would be used
13 would be a certain currency that he would create,
14 and then you could use that currency to buy
15 product from a certain buying membership club with
16 that currency. Another way was that if there was
17 Indian -- apparently if you are Indian in the
18 United States, there is a certain amount of
19 acreage that you're able to buy, I believe it's
20 like, I want to say 168 acres or something like
21 that, and if you buy that, apparently you would
22 have sovereignty over that, not unlike the Indian
23 reservations, so for a while there, for many
24 years, we were collecting the names of people that
25 had Indian in their heritage, so another concept

1 Q Okay. Was there a discussion about
2 forming a school system for children?

3 A Yes.

4 Q What was the discussion about that?

5 A There's a -- I believe it's a foundation
6 that was formed called Rainbow. I don't know if
7 it's Rainbow or Rainbow Gardens, and the overall
8 objective with that is to create curriculum for
9 children to facilitate ways of learning and
10 growing and developing, and that I think that
11 ultimately a goal would be to create actual
12 schools where people could, you know, put their
13 children through those schools. You know, in the
14 meantime there are certain children that are being
15 tutored within this curriculum, but there's no
16 actual -- now, I do believe that a building was
17 bought in Clifton Park of which was an existing
18 daycare, and its intent was to possibly create a
19 daycare where this could facilitate the objective
20 and curriculum of Rainbow, although that never --
21 that has not yet been launched, if you will. The
22 building's been bought -- the objective with the
23 building has been bought but not -- the actual
24 school has not been launched, not to my knowledge.

25 Q Are you aware of a child named

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

85

87

1 Gayland?

2 A Yes.

3 Q Who is that?

4 A Gayland is a child that kind of

5 mysteriously showed up a little over two years

6 ago. Do you want history on it?

7 MS. RYAN: Just answer the question.

8 Q Whose child is Gayland, if you know?

9 MR. CROCKETT: Object to the invasion

10 of the child's privacy.

11 MR. SKOLNIK: So noted.

12 Q Whose child is Gayland?

13 MR. CROCKETT: So noted?

14 MR. McGUIRE: Judge Skolnik has made

15 another ruling.

16 MR. LEONARD: I think it's

17 inappropriate.

18 MR. CROCKETT: I request that the

19 witness not discuss anything about the child's

20 parentage.

21 MS. RYAN: Why don't we move on, and

22 you guys can call the Court on a break.

23 Q Is Keith Raniere instructing Gayland

24 in some version of his philosophy?

25 A Yes.

1 languages, I think the child is being exposed to

2 about seven different languages right now, that --

3 and when these nannies of these different

4 languages and different countries would go, they

5 would each spend, they had a -- what do you call

6 it -- a nanny schedule, and so Gayland had a

7 schedule where these different nannies would visit

8 different times of the day, and during that period

9 of time, they would only speak their native

10 language, and so Gayland would be exposed to only

11 that language, and then also certain aspects of

12 that culture would be also -- he would be taught

13 and exposed to within these nannies. Then in

14 addition there were certain processes for how he

15 was fed. So an example might be if he was crying

16 for a bottle, that in order to not enforce certain

17 behavior where if he is just crying and crying,

18 you give him what he wants, that you create an

19 environment where the child is not crying, and you

20 give him the bottle, so you start to link certain

21 positive aspects, and then there were certain

22 exercises, physical exercises that they did with

23 him to help with the development of his body, and

24 so these are certain things that I became aware

25 of.

86

88

1 Q How old was Gayland when Keith

2 Raniere began instructing him?

3 A The baby I want to say was anywhere from a

4 month to three months old when he came and so

5 right from pretty early on.

6 Q Do you have any idea how Keith was

7 instructing a one- to three-month-old?

8 MR. LEONARD: Object to form.

9 A Do you want to re-ask that, or should I

10 answer it?

11 Q Did you ever hear what method of

12 instruction Keith Raniere was using?

13 A Okay. Well --

14 MS. RYAN: That's a yes or no.

15 A Yes.

16 Q What did you hear?

17 A That he had created certain processes to do

18 with the child. For example, music. There were

19 certain types of music that was played at various

20 times of the day, and that music changed within

21 different weeks based on how old the child was,

22 and it was Keith's belief that music stimulates

23 certain intelligence and patterns in the brain, so

24 music was one. Another was language, that he had

25 a theory that if the child was exposed to certain

1 MR. CROCKETT: Objection. This

2 invades the privacy of a third-party child. I

3 move to strike and request that the witness not

4 answer any further questions regarding this

5 third-party child.

6 MR. SKOLNIK: Will you represent on

7 the record that you represent this third-party

8 child?

9 MR. CROCKETT: I have a duty to I

10 think when information is requested about a

11 third-party child that invades the child's

12 privacy, I think as an officer of the court it's

13 my duty to assert that child's rights.

14 MR. KOFMAN: I am glad you are taking

15 that position. I assume you are taking the same

16 position with respect to Michael Sutton's child?

17 We can move on.

18 MR. LEONARD: That's not --

19 MR. KOFMAN: We can move on.

20 MR. LEONARD: I join in

21 Mr. Crockett's position.

22 MR. McGUIRE: So do I.

23 MS. RYAN: Why don't you just mark

24 the record and the judge can rule to strike it.

25 MR. CROCKETT: I request that the

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

89

91

1 deposition be suspended if the witness intends to
2 answer any more questions about this Gayland
3 person.

4 MS. RYAN: This witness is here to
5 answer questions asked by counsel, and you are
6 properly raising your objections, and as I said, I
7 would ask the stenographer to mark the whole
8 section of testimony, and certainly you can move
9 to strike it and remove it from the record, and
10 the judge will make the ruling. I don't know
11 where this is going, and I don't know if you do.
12 in fact, represent Gayland.

13 MR. CROCKETT: No, I don't.

14 MS. RYAN: I didn't know, so I
15 thought if you did, then certainly you have a
16 right to --

17 MR. KOFMAN: We need to change tapes.

18 THE VIDEOGRAPHER: This completes
19 videotape two. Off the record at 12:47 p.m.
20 (Discussion off the record.)

21 THE VIDEOGRAPHER: This is videotape
22 three. Back on the record at 1:04 p.m.

23 Q Ms. Bouche, I believe this morning
24 you mentioned that as part of this mission that
25 was not shared with most Espians that there was

1 framework, and the other focus was to focus on
2 people that fell into a category that would be
3 either spheres of influence, people that had
4 certain power or means or wealth, or people that
5 would align themselves with a mission who would
6 want to work hard to further it, meaning be people
7 that would spread the word or be good enrollers or
8 producers or teachers.

9 Q Did he explain what he meant by
10 spheres of influence?

11 A You know, a person could have a sphere of
12 influence by being someone who lived in a
13 community and people in the community -- they were
14 very visible or vocal and people -- you know, you
15 could be just a plain business owner of a store
16 but yet have a sphere of influence in the
17 community where you are well-known, and, you know,
18 people found you reputable and credible, and you
19 could be a persuasive person about some type of
20 topic or something, so that could be a sphere of
21 influence. A sphere of influence could be
22 somebody who was wealthy and had a lot of people
23 that either worked for them or had exposure to
24 other people that were wealthy or could use their
25 resources in a positive way to further the

90

92

1 some discussion about the types of people NXIVM
2 wanted to recruit. Do you recall that testimony?
3 A No.

4 Q Let me rephrase it. Did you have
5 discussions with, or were you present during
6 discussions with Keith Raniere where discussions
7 were made as to who NXIVM should seek to recruit?

8 A Okay. I think that when I first came
9 around, for the first five years Keith had what he
10 called a timeline. He thought that if we didn't
11 reach a certain level in the first five years that
12 he thought it would have huge consequences for the
13 world, for liberty and freedom, that the
14 information and technology window was going to
15 close, so in the beginning years the focus was on
16 media, because he felt as though you could win or
17 lose in the media world, and so the focus was to
18 try to enroll people in media so that they might
19 know better our mission and know us, for two
20 reasons. One, to help further the mission; and
21 secondly, to should we run into problems, which we
22 did, with some negativity, that if we had people
23 in media that they could possibly protect us, so
24 in the beginning years, media was a focus, always
25 was a focus, but he talked about this five-year

1 mission. Another sphere of influence could be
2 someone who was a certain type of entrepreneur or
3 producer, and they could use their ability to
4 engage people in their ideas and further things
5 because they had strong work ethics, or they were
6 entrepreneurial in their views and thoughts, so
7 those are -- you know, you could be in politics,
8 you could be in media, so those would be
9 considered spheres of influence.

10 Q Did you ever hear Keith Raniere
11 explain how people could use wealth to further
12 NXIVM's mission?

13 A Yes.

14 Q What did he say about that?

15 A Well, you know, people who had wealth could
16 use that money to support values that they upheld,
17 and hopefully if those people were in line with
18 our values that then, therefore, those people
19 would uphold the mission or projects of the
20 mission or things of that nature.

21 Q Did Keith express a hope that they
22 would provide money directly to NXIVM or to a
23 project related to NXIVM?

24 A I think -- yes, that would be, yes.

25 Q Did you ever hear anyone indicate

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

93

95

1 that Stephanie Franco had a sphere of influence?
 2 A Yes.
 3 Q Who did you hear say that?
 4 A Both Michael Sutton and Stephanie herself.
 5 Q What did Michael say about that?
 6 A Michael described his sister as having --
 7 she taught at a university, and secondly, she was
 8 considered very reputable in their community, and
 9 from what I recall, Michael said that the
 10 community had about 100,000 people that were in
 11 their type of community. In addition, she
 12 apparently had a newsletter that was circulated to
 13 a lot of people within the community, so she was
 14 considered a sphere of influence.
 15 Q Did you ever hear anyone from NXIVM,
 16 putting aside Michael and Stephanie, describe her
 17 as having a sphere of influence?
 18 A Yes.
 19 Q Who?
 20 A Keith, Nancy, Pam, Kristin, Barb Jeske.
 21 Q What did Keith say about this?
 22 A Well, we would have meetings. In the
 23 beginning, it was Nancy and I that went down to
 24 the Suttons' home in New Jersey, and we were going
 25 to do a presentation. There was some kind of

1 community?
 2 A I think because it was a large community.
 3 It was a well -- I mean they were -- they are a
 4 very connected type of community, and they were an
 5 influential and wealthy community. The Suttons
 6 were considered one of the most influential and
 7 distinguished within that community, and so it was
 8 attractive because we thought that, you know, they
 9 might embrace the workshops and the material, and
 10 this could be, you know, a great alignment of
 11 growing the company and exposing more people to,
 12 you know, the curriculum and the mission.
 13 Q And in the course of that discussion
 14 with Keith before you went down there, was it
 15 discussed that Stephanie had a sphere of
 16 influence?
 17 A Yes.
 18 Q What did Keith say about that
 19 specifically?
 20 A Just that, you know, that that was a good
 21 thing and how best could we work with her, and how
 22 best to approach that, and you know, just -- kind
 23 of just basically -- I mean Keith propagated
 24 within himself and within the community that he
 25 was a master teacher of sales and marketing and

94

96

1 function going on with a neighbor next door, and
 2 it was going to be well-attended apparently by
 3 many people in their community, and Nancy and I
 4 were going down to do a presentation. At that
 5 time, I was the best presenter of presenting what
 6 our program was and how it worked, and Nancy was
 7 the president, so the two of us were chosen to go
 8 down, and I was working with Michael at that time,
 9 and so there were conversations with Keith, Nancy
 10 and I, and I think Pam was probably present in the
 11 room, Pam Cafritz, and maybe Kristin, and we
 12 discussed strategy. Strategy meaning who would
 13 speak, who would say what, what we would speak on,
 14 what would the approach be, how would we work with
 15 Michael and with Stephanie and how would we
 16 approach their parents and things of that nature,
 17 so there were meetings before we went down to do
 18 the presentation with Keith and brainstorming, and
 19 then when we were down there, we would check in
 20 with Keith and tell him how things were going, and
 21 then afterwards, you know, how it went, and what
 22 we would do next, and so Keith was very involved
 23 all along with that.
 24 Q Did Keith explain why he was
 25 interested in your efforts to recruit in that

1 enrollment, given that he had built Consumers
 2 Buyline, and so given that I was one of their top
 3 field trainers, and I also ran sales and marketing
 4 for many years for the company and on the board,
 5 Keith, I consulted him all the time, as well as
 6 Nancy did, about all of our presentations, and you
 7 know, in the beginning years, he was consulted
 8 pretty regularly, because in the beginning years
 9 we were still formulating what we would say, what
 10 our approach was, what our strategy was, and he
 11 was still embarking and teaching us and sharing
 12 with us his views, his ideas, and things of that
 13 nature.
 14 Q When you say the beginning years, to
 15 what period of time are you referring?
 16 A I would say that, you know, Keith -- we had
 17 executive board meetings that Keith attended
 18 regularly up until the spring of 2004 so, and also
 19 he regularly attended -- did forums, was present
 20 in the center and around the community, so he was
 21 very active in his day-to-day management and
 22 exposure to things operating. In those beginning
 23 years, I would say the beginning years were the
 24 first five years, that he was consulted pretty
 25 regularly, you know, on anything major going on

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

97

99

1 for his ideas, his concepts, his approach, what he
2 thought and things of that nature.
3 Q Now, how frequently was Keith Raniere
4 consulted during those beginning years?
5 A Every day.
6 Q Would he be physically present, or
7 would he be called every day?
8 A There was a group of us that he was either
9 intimately involved with, and that group of us
10 called him every single day, and the group of us
11 -- there was about seven of us that he was
12 intimately involved with, and the seven of us held
13 the positions of the key leadership in the
14 company. We were the executive board, and so we
15 checked in with him every day, because, one, we
16 were involved with him personally and intimately;
17 and secondly, we held the leadership roles in
18 running the company, and so we checked in every
19 day. Outside of the seven of us, there then were
20 other people along the way that he began teaching,
21 mentoring and tutoring, and they would check in
22 with him as well, so I think at one point there
23 was probably anywhere from 15 to 20 people that
24 would check in with him every day regularly, and
25 many of those people outside of the board began to

1 were running the company were intimately involved
2 with him, so you know, it was daily conversations
3 with him about what you were working on and his
4 help and guidance.
5 Q Did he approve expenditures of money?
6 A Yes.
7 Q Was there a dollar -- was anyone
8 authorized to approve expenditures and money
9 without running it by him first?
10 A Yes and no.
11 Q Was there a dollar amount above which
12 he had to be consulted?
13 A Yes.
14 Q What was that dollar amount?
15 A I don't know what the dollar amount was. I
16 think Nancy -- he had -- for a short time he had
17 an intimate relationship with Kathy Russell, or at
18 least what he told me it was short term, but he
19 spoke to her regularly, and she did all the
20 bookkeeping and accounting, and so there were
21 always correspondence and meetings and phone calls
22 between her and him because he directed her in how
23 to set up the different companies, how to do the
24 general flow of the accounting. Also, with Karen
25 Unterreiner, he would direct her on how to do the

98

100

1 hold other positions like Kathy Russell ran the --
2 did the bookkeeping and accounting, and, you know,
3 so there were various people that came on board
4 that would go under his guidance if they had key
5 positions in the company.
6 Q When you had these daily
7 consultations with Mr. Raniere, what type of
8 matters were discussed?
9 A You know, what we were working on, any
10 problems that might arise, a direction that we
11 were going in, what he thought. We were not
12 allowed to do many things without gaining approval
13 from him first because the model was his model.
14 So in other words, the way that the company ran
15 was based on his model for business, and so
16 everything from the application that people
17 signed, the confidentiality agreement, to the
18 stripe path to the ranking requirements to, you
19 know, the divisions of the board and, you know,
20 the direction we were taking and, you know, just
21 the basic, you know, running, supervising of the
22 company, you know, you knew that you couldn't do
23 certain things without getting his approval or
24 talking to him, and because we were all involved
25 with him, you know, I mean the key people that

1 payouts, the structure, and Karen coached Kathy
2 Russell, so Keith would through Karen instruct
3 certain things that go to Kathy Russell, and then
4 Nancy, given her role as the president, would also
5 oversee Kathy, but Keith would instruct through
6 Nancy, so Nancy would always run by him, What do
7 you think about this, what do you think about
8 that, and things of that nature. Now, did she go
9 to him to spend money on paper clips? No. So it
10 was, you know, certain things of substance, or
11 certain things that she didn't already know what
12 the approved path was that she would run by him to
13 see what he thought.
14 MR. CROCKETT: Hold it. Could we
15 have a two-minute break so I could confer with
16 counsel on a possible motion to strike that, but I
17 want to talk to them before we do it.
18 MR. KOFMAN: Okay.
19 THE VIDEOGRAPHER: Off the record
20 1:21.
21 (Break taken.)
22 THE VIDEOGRAPHER: Back on the record
23 2:38 p.m.
24 Q Was Kristin Keefe part of this inner
25 circle that communicated with Mr. Raniere daily

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

101

103

1 between roughly -- during this five-year period?

2 MR. LEONARD: Object to form.

3 MR. McGUIRE: Join.

4 Q To your knowledge was Ms. Keefe part

5 of this inner circle that you said communicated

6 daily with Mr. Raniere?

7 MR. LEONARD: Object to form.

8 MR. McGUIRE: Same.

9 A Yes.

10 MR. McGUIRE: What was the answer?

11 (Record read.)

12 Q Are you aware of any documents that

13 evidence the extent of Mr. Raniere's involvement

14 in NXIVM decision-making?

15 MR. LEONARD: Object to form.

16 Q You can answer.

17 A Yes.

18 Q What documents are those?

19 A I have -- I was on the executive board, so

20 I have executive board minute meetings from back

21 to 2002 up until 2007. I also have e-mail

22 correspondence from various people that were in

23 charge of different committees or divisions

24 talking of things that they needed approval for

25 from him, and I have other various documents that

1 Q When did you have that communication?

2 A From the beginning.

3 Q It was more than one conversation?

4 A Yes.

5 Q What did Mr. Raniere say on that

6 subject?

7 A That he felt because of his past being

8 involved in certain litigations and lawsuits, and

9 also because he felt as though the government was

10 watching him, and he needed to be careful about

11 what he did, and that he felt that the government

12 and certain people didn't like what he was

13 teaching people, that he thought that it was best

14 that his name not appear on anything, and then

15 that way, you know, it wouldn't be as questioned,

16 and it would make it easier to run the company

17 that way.

18 Q You said that Mr. Raniere was

19 involved on a daily basis during this five-year

20 period. Did there come a point where his

21 involvement changed?

22 A Yes.

23 Q When did that occur?

24 A He was very actively engaged and involved,

25 and publicly or presently involved until early

102

104

1 maybe he, you know, headed a certain meeting or

2 gave his ideas or concepts or taught.

3 MR. KOFMAN: Okay. Have you produced

4 all those documents in response to the subpoena?

5 MS. RYAN: I am not certain they

6 were asked for in that form.

7 MR. KOFMAN: Once again, I will go

8 back and check the subpoena, and if necessary,

9 issue another subpoena.

10 Q What understanding did you have as to

11 who the owner of NXIVM was?

12 A My understanding is is that Nancy owned the

13 company.

14 Q Did you have an understanding as to

15 who the officers or officer of the company was?

16 A What do you mean by officer?

17 Q Did you have an understanding as to

18 who the president of the company was?

19 A Yes.

20 Q Who was that?

21 A Nancy Salzman.

22 Q Did you ever have any discussions

23 with Mr. Raniere about why he was not an owner or

24 an officer of NXIVM?

25 A Yes.

1 2004, and there were reasons why he stopped

2 appearing himself publicly, and then also wasn't

3 as involved in the day-to-day things because the

4 number of us have been trained and taught by him

5 over the course of four or five years that we

6 didn't need to go to him for everything anymore.

7 Q How did his involvement change

8 beginning in 2004?

9 A There was the Forbes article that came out

10 in October of 2003, and then there was the Rick

11 Ross things and whatever that was going on, and he

12 shared with me that he thought it was best because

13 of the things that were being alleged and charged

14 of him that it was best that he have less of a

15 public exposure and presence so that that couldn't

16 be used against him that he was actually running

17 the company.

18 Q Did he continue to make decisions for

19 NXIVM even though his public appearances

20 diminished?

21 MR. LEONARD: Object to form.

22 MR. McGUIRE: Object to form.

23 Q Did his decision-making authority

24 change after 2004?

25 MR. McGUIRE: Same objection.

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

105

107

1 Q You can answer.

2 A My observation is is that his

3 decision-making was still in place, just that he

4 did it with us through daily conversations and

5 meetings that weren't on, you know, film or audio

6 record.

7 Q What audio or film record exists of

8 his decision-making, of him making decisions

9 before 2004, if anything?

10 A Every time he appeared at the center, he

11 was filmed, and any time we had an executive board

12 meeting or any certain types of meetings, we would

13 have a tape-recording of the meeting, and then

14 there would be a scribe who would type the minutes

15 of the meeting.

16 Q What would be done with the tape

17 after it was made?

18 MS. RYAN: If she knows.

19 Q If you know?

20 A My understanding is is that there were two

21 people taping, Nancy Salzman and Loretta Garza, so

22 I would see them taping. Oftentimes other people

23 at the meeting would have their own tapes and

24 would be taping, but the two that were consistent

25 were Nancy and Loretta. I observed that those

1 Q That was something that was discussed

2 at executive board meetings?

3 A The answer is yes, although there were

4 things discussed at the meetings that sometimes

5 were on tape and sometimes that were not on tape.

6 Q Were there points at which someone

7 would say turn off the tape?

8 A Yes.

9 Q Who would be the person to say turn

10 off the tape?

11 A When Keith was -- Keith attended the

12 meetings up until early 2004, so if he was present

13 at the meeting, he might say that. And then if he

14 wasn't present at the meeting, it could be Nancy

15 or somebody that might have thought that it should

16 be turned off.

17 Q Would they regularly turn off the

18 tape when this matter was discussed?

19 MR. LEONARD: Object to the form.

20 Q Would they regularly turn off the

21 tape when the discussion turned to things relating

22 to Rick Ross?

23 A I don't remember.

24 Q Do you remember any instances in

25 which they turned off the tape when matters turned

106

108

1 tapes were stored and kept at Nancy's home, and so

2 that's what I know.

3 Q Do you know what was done with the

4 tapes that Loretta made?

5 A That were?

6 Q That Loretta made?

7 MR. McGUIRE: That what?

8 A I don't know for sure.

9 Q Do you know what was done with the

10 tapes that Loretta made?

11 MR. McGUIRE: That --

12 MR. KOFMAN: Loretta made.

13 A Some of the tapes -- in the old days the

14 tapes were a tape recorder, and then when

15 technology evolved, the tapes became audiotapes on

16 a computer, so Loretta has audiotapes on her

17 computer as well as Nancy. So Loretta would

18 download them onto Nancy's computer, and the two

19 of them have audiotapes on their computer, as well

20 as the handheld tapes.

21 Q At any of the meetings of the

22 executive board, was there a discussion about the

23 harm that NXIVM felt had resulted from the Rick

24 Ross, Franco actions?

25 A Yes.

1 to Rick Ross?

2 A I want to say that things like that were

3 not discussed in the more formal setting of the

4 executive board meeting. Things like --

5 MS. RYAN: The question right now is

6 what was discussed at the executive board

7 meetings.

8 MR. McGUIRE: Let her finish her

9 answer, please.

10 A Okay.

11 Q Was this discussed at the formal

12 executive board meetings?

13 A I believe yes. I would have to say yes.

14 Q And it was also discussed informally?

15 A Yes.

16 Q And do you believe that on certain

17 occasions the formal discussions were taped?

18 A I believe so.

19 Q Do they appear in the minutes of

20 meetings?

21 A I believe so.

22 Q Okay. Did you have discussions with

23 Keith where he explained why his public

24 appearances diminished?

25 A Yes. I said that previously.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

109

111

1 Q Just so I'm clear, what did he say
2 was the reason?
3 A That he -- it seemed to me -- he said that
4 there was something in what was being alleged
5 through Rick Ross that he was being alleged that
6 he was a cult leader and using control tactics and
7 methods and was dominating or mind control and
8 that it would be better if it would appear as
9 though he was not spearheading or running the
10 meetings or in charge, and so it would bode better
11 for their case, meaning Keith and Nancy's case, if
12 it wasn't as publicly viewed that way.
13 Q From your perspective, did the
14 substance of his leadership change after that 2004
15 period?
16 MR. LEONARD: Object to form.
17 Q You may answer.
18 A Yes.
19 Q How?
20 A One, the way that it looked publicly. Two,
21 he would do more of his running of the company,
22 best that I could say this, behind the scenes.
23 Q Did he continue to run the company
24 after 2004?
25 MR. LEONARD: Object to form.

1 A I would be guessing.
2 Q Do you have an understanding as you
3 sit here today as to what materials were being
4 distributed?
5 MR. McGUIRE: Asked and answered.
6 MS. RYAN: Don't guess.
7 Q Correct. Don't guess.
8 A I would be guessing.
9 Q Had you done events of that nature
10 before?
11 A Can you clarify nature? What do you mean?
12 Q Have you done events where you were
13 looking to introduce ESP to individuals before?
14 A Yes.
15 Q And on those occasions, would you
16 distribute materials?
17 A Yes.
18 Q What materials would you distribute
19 on those occasions?
20 A Well, we would hand out a piece that was
21 called Three and It's Free. If -- Three and It's
22 Free. We would hand out a brief description of
23 Rational Inquiry, what it was, and the benefits.
24 At times we would hand out -- there was a survey
25 done of people's impressions of the program, so

110

112

1 MR. McGUIRE: Join.
2 Q You can answer.
3 A Yes.
4 Q You mentioned a trip that you took to
5 New Jersey with Nancy Salzman. Do you remember
6 what time of year that took place?
7 A Well, it was warm because it was outside.
8 Q And this was to attend a charity
9 event that was being held at a next door
10 neighbor's house?
11 A I am not sure if it was a charity. It
12 might have been. I want to say it was, but it was
13 some kind of a big function and they had a big
14 tent set up, and there was lots of people there,
15 so it was some kind of a big function.
16 Q Did you do a presentation?
17 A Yes.
18 Q Where was the presentation done?
19 A In the tent.
20 Q Did Nancy Salzman do a presentation?
21 A Yes.
22 Q Were materials distributed?
23 A Yes.
24 Q Do you know what materials were
25 distributed?

1 there was like a testimonial sheet, so you know,
2 various things like that.
3 Q Did you stay at Stephanie Franco's
4 house the night before that event?
5 A We stayed at Morris Sutton's house.
6 Q Did you speak to Morris Sutton?
7 A Yes.
8 Q Was he friendly?
9 A Yes.
10 Q Did he say anything disparaging at
11 that time?
12 A Not that I recall.
13 Q Did you talk to Rochelle Sutton?
14 A Yes.
15 Q Was she friendly?
16 A Yes.
17 Q Did she say anything disparaging
18 about NXIVM at that time?
19 A Not that I recall.
20 Q Were there any other times where you
21 met either Mr. Sutton or Mrs. Sutton?
22 A Yes.
23 Q When?
24 A I was with Michael one time we went to the
25 offices in New York City, and I believe Mo was

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

113

1 there.

2 Q When was this?

3 A It would be after that.

4 Q Did you talk to Morris Sutton?

5 A That time or?

6 Q That time.

7 A Probably just perfunctory, hello kind of

8 thing -- no, hold on -- okay. I am remembering

9 why we went. We went to present that we could do

10 coaching. Michael wanted me to go with him to

11 meet with the person, I think it was maybe human

12 resources, or somebody that could oversee coaches

13 for the company, and we were speaking to him about

14 possibly coaching some of the people in the

15 company.

16 Q You spoke to the human resources

17 person?

18 A I don't know if it was the human resources,

19 but it would be somebody of that kind of capacity

20 that would be overseeing such a task.

21 Q Was this before or after the charity

22 auction or this charity event that you attended?

23 A I want to say it was after, but --

24 Q Do you have a firm recollection one

25 way or the other?

114

1 A No.

2 Q Did you see Morris Sutton on this

3 occasion?

4 A I believe so.

5 Q Did you talk to him?

6 A Briefly. I don't recall talking at length

7 with him.

8 Q Did he say anything disparaging about

9 NXIVM at that time?

10 A No.

11 Q Did you ever talk to Morris Sutton

12 other than these two instances?

13 A Not that I recall.

14 Q Did you ever talk to Rochelle Sutton

15 other than the one time at her home that you

16 mentioned?

17 A I don't believe so.

18 Q Did you ever meet with Stephanie

19 Franco in New Jersey other than this one time?

20 A Yes.

21 Q When?

22 A The day after the event we went to

23 Stephanie's home, Nancy, Michael and I, as well as

24 when she came to do an intensive, and then phone

25 calls afterwards with her probably for a period

115

1 of, I want to say, two or three months.

2 Q I am going to focus you on just

3 meetings in New Jersey. The only other meeting

4 that you can remember is a meeting the day after

5 this charity event at Stephanie's home?

6 A Yes.

7 Q How long did that meeting last?

8 A Probably a few hours.

9 Q Well, what was discussed there?

10 A She wanted to become a coach and possibly a

11 proctor, and so Nancy and I went with Michael. We

12 had dinner, and we also discussed, you know, the

13 company, the benefits. We were excited about that

14 she was interested, and just talked about

15 basically how we could support her in pursuing

16 that.

17 Q Did you teach any of the course

18 materials?

19 A No, not that I know of.

20 Q Have you ever been to the home of

21 Aaron Kassin?

22 A No.

23 Q Are you aware of a seminar that was

24 presented at Mr. Kassin's home?

25 A Yes.

116

1 Q You did not attend that?

2 A No.

3 Q Okay. Now, you said that you saw

4 Stephanie at intensives. When was that, or where

5 was that, first all?

6 A In the Albany, New Karner Road location, or

7 ESP.

8 Q Did you teach any of those

9 intensives?

10 A I was a facilitator.

11 Q Do you remember what time of year?

12 A Again, it was warm out because I remember

13 being outside.

14 Q Did you serve as either head trainer

15 or proctor at any of the intensives that Stephanie

16 attended?

17 A I don't believe so.

18 Q Okay. Did you have any

19 responsibility for collecting long form

20 confidentiality agreements at these intensives, at

21 the intensive that Stephanie attended?

22 A No.

23 Q Did you have any responsibility for

24 collecting applications and money from Stephanie?

25 A You know, I might have. I was Michael's

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

117

119

1 field trainer, and so there's a possibility that I
 2 might have been somewhat involved in the
 3 processing of that, but I don't remember.
 4 Q In terms of the processing of the
 5 application?
 6 A Yes.
 7 Q And that was because Michael was part
 8 of your organization, and you were the field
 9 trainer for that organization?
 10 A Well, just for him.
 11 Q For him. You said you had phone
 12 calls with Stephanie Franco at some period of time
 13 for a couple of months? Was that after she left
 14 NXIVM?
 15 A During her intensive she left to go to a
 16 funeral, and I spoke to her on the phone as she
 17 was traveling down, and then I recall having some
 18 conversations with her over the course of the next
 19 month or two.
 20 Q During those conversations did she
 21 indicate to you that she did not intend to return
 22 to NXIVM?
 23 A No.
 24 Q What did she indicate? What did she
 25 say?

1 remember being present for the calls, only our
 2 conversations of our talks with her.
 3 Q When you said you would talk about
 4 her, you mean you and Nancy would talk about
 5 Stephanie?
 6 A Yes.
 7 Q And was the subject of that how to
 8 get her to take more classes?
 9 A Yes.
 10 Q Did you ever hear Keith Raniere say
 11 that it was possible that people might accuse
 12 NXIVM of being a cult?
 13 A Yes.
 14 Q When did you hear him say that?
 15 A For sure after the cult stuff started.
 16 Q Did you hear him ever mention that
 17 possibility at any time before?
 18 A I can't say for sure.
 19 Q Did there come a point at NXIVM where
 20 you became what's known as a field trainer?
 21 A Yes.
 22 Q Can you tell me what a field trainer
 23 is?
 24 A It's someone who has demonstrated the
 25 ability to be able to sell or enroll and be able

118

120

1 A She was very excited about the program and
 2 enjoyed the workshops, and she wanted to come
 3 back.
 4 Q Did she ever schedule another
 5 intensive as far as you know?
 6 A I don't recall that.
 7 Q What was the purpose of you calling
 8 her?
 9 A To check in on her. I want to say, and I
 10 don't know for sure, that I may have been assigned
 11 to her as a coach or to oversee her, because
 12 Michael was under me, and I had met her and had
 13 established some kind of, you know, rapport and
 14 communication with her.
 15 Q Were you trying to persuade her to
 16 take more courses?
 17 A Yes.
 18 Q To the best of your knowledge, she
 19 never took any additional courses?
 20 A I believe that she did, but I can't say
 21 when and/or how.
 22 Q Do you know if Nancy Salzman called
 23 her to try to persuade her to take more courses?
 24 A My understanding is that she was speaking
 25 with her because we would talk about her. I don't

1 to teach or oversee others to do the same thing.
 2 Q Am I correct that the field trainers
 3 were not employed by NXIVM?
 4 A Do you mean --
 5 Q Strike that. Were you an employee of
 6 NXIVM?
 7 A No.
 8 Q Did you act as an independent
 9 contractor for NXIVM?
 10 A Yes.
 11 Q Now, was there an organization that
 12 supported the field trainer? Strike that. Let me
 13 ask this. What positions did you hold before you
 14 became a field trainer?
 15 A Proctor, and then a -- a proctor first.
 16 Q And then you became a field trainer?
 17 A Yes.
 18 Q Were you ever a coach at NXIVM?
 19 A Well, you become a coach first, and then a
 20 coach becomes a proctor, and then a proctor
 21 becomes a senior proctor. So when I was -- I
 22 became a proctor within three months.
 23 Q Within three months of your first
 24 enrolling in NXIVM?
 25 A Yes.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

121

123

1 Q You were a proctor?

2 A Yes.

3 Q When did you become a field trainer?

4 A Probably shortly thereafter.

5 Q I am going to ask you some questions

6 about how money -- how does a field trainer earn

7 money from NXIVM or related to NXIVM?

8 A In two ways. One, your own personal sales,

9 and secondly, from sales of other people within

10 your organization. There is actually a third way.

11 You may be asked to help in somebody else's

12 organization and might possibly be able to share

13 in the commission of that sale as well.

14 Q When you say that you would get money

15 for referrals made by people within your

16 organization, would you define for me what you

17 mean by the term your organization?

18 A Anybody that stems from you.

19 Q Give me an example. Who would stem

20 from you?

21 A Let's say I enroll you, and then you want

22 to introduce me to Peter, and then Peter wants to

23 introduce me to Claudia. You would all eventually

24 have stemmed from me.

25 Q In that example, if I take a course,

1 A If none of you are salespeople, I would as

2 the field trainer.

3 Q So you would get money from all of

4 our enrollments?

5 A Yes.

6 Q How much would your commission be?

7 A 20 percent.

8 Q That would be what the field trainer

9 would receive?

10 A The money that's -- let's just say the

11 money that was on the table for any workshop was

12 20 percent in the field trainer realm, so 20

13 percent of whatever the gross tuition was would be

14 paid to, if the person was a salesperson, they

15 would get it. If the person wasn't a salesperson,

16 then it would go to the field trainer, but it was

17 the same 20 percent, just a question of who got

18 it.

19 Q Now, just to make sure I'm clear. If

20 I refer Peter -- you introduce me to the group. I

21 refer Peter to the group; Peter refers Tom; Tom

22 refers Claudia; you never met either Peter, Tom or

23 Claudia; would you still receive commissions based

24 on Claudia's enrollment?

25 A Yes.

122

124

1 you receive a commission; correct?

2 A It depends, because it's gets a little

3 mathematically complicated but possibly. Let's

4 say that Peter became a salesperson.

5 Q Okay.

6 A If Peter became a salesperson and he

7 directly enrolled somebody, I wouldn't receive

8 anything. Peter would receive that. But if Peter

9 enrolled Claudia, then I would receive that. If

10 it wasn't direct, Claudia was a referral from

11 somebody. So it depends on if it was a direct

12 sale or a referral sale.

13 Q What would be a direct sale?

14 A I know the person myself and I enroll them

15 myself, and whoever that person was that did that,

16 if they were a salesperson, they would receive

17 that commission.

18 Q Now, if it's a referral sale, how

19 would the commission structure work?

20 A It would go to the field trainer.

21 Q Let's say you enroll me as a student,

22 I refer you to Peter who becomes a student, Peter

23 refers you to Tom who becomes a student, and Tom

24 refers you to Claudia who becomes a student. Who

25 gets money from Claudia's enrollments?

1 Q As long as none of us were

2 salespeople?

3 A Correct.

4 Q And it would still be the same 20

5 percent?

6 A Correct.

7 Q Would anybody else get money from

8 Claudia's enrollment other than you?

9 A Yes.

10 Q Who?

11 A The proctor.

12 Q Who would the proctor be?

13 A It depends. So there was a 10 percent

14 commission paid to a proctor on the same

15 enrollment, and so if I was the only proctor, then

16 the 10 percent would come to me. If, however, you

17 became a proctor, and then you are in between me

18 and Claudia, you would get the 10 percent.

19 Q Okay.

20 A So there was 20 percent to the field

21 trainer salespeople, and then there was 10 percent

22 commission to the proctor.

23 Q Okay.

24 A So 30 percent total would be paid as a

25 commission.

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

125

127

1 Q What would happen to the other 70
2 percent?
3 A It was broken up differently.
4 Q Amongst who?
5 A 30 percent would go to corporate, 30
6 percent would go to the overhead to run an
7 intensive, or the program, and 10 percent I think
8 was designated for -- you know what, I believe I
9 provided it to you in your subpoenaed document.
10 Q I will get to a document that I think
11 may demonstrate that.
12 MR. KOFMAN: Could we mark this as
13 Bouchev-3.
14 (Bouchev-3, 14 pages of handwritten
15 notes, was received and marked for
16 identification.)
17 MR. CROCKETT: I just want to point
18 out that we will be marking the transcript, parts
19 of it, and these exhibits as confidential because
20 they disclose trade secrets.
21 MR. KOFMAN: We disagree with that
22 characterization, but you certainly have the right
23 under the order to mark something you believe as
24 confidential as confidential under the order that
25 was entered by Magistrate Judge Falk, I think you

1 A These are notes taken from Susan Dones
2 during a session that Keith Raniere had many years
3 ago with about 20 of us to describe to us what he
4 called his model, the NXIVM business model, of how
5 the payout structure would be, the company payout
6 structures would be, and how the money would flow,
7 and who would get what, coaches, salespeople,
8 proctors, you know, things like that, so these are
9 notes from that.
10 Q How do you know that these are notes
11 that Susan Dones took?
12 A Because she gave me a copy of them.
13 Q When did she give you a copy of
14 these?
15 A These were given to me two weeks ago.
16 Q I would like to direct your attention
17 -- were you at this meeting where Keith Raniere
18 discussed the structure?
19 A Yes.
20 Q Did you take notes of the meeting?
21 A Yes.
22 Q Do you have any notes of that
23 meeting?
24 A I might.
25 MR. KOFMAN: I will add it to the

126

128

1 have within 30 days.
2 MR. CROCKETT: And forgive me for not
3 asking for your agreement first.
4 MR. KOFMAN: I was just in
5 disagreement with your characterization of it as a
6 trade secret.
7 MR. CROCKETT: So noted.
8 MR. KOFMAN: Any party can identify
9 the parts they wish to designate.
10 MR. McGUIRE: In the meantime --
11 MR. KOFMAN: It's treated as such
12 until the period for designation expires.
13 MR. McGUIRE: Is there an attorneys'
14 eyes only?
15 MR. KOFMAN: There is not.
16 MR. McGUIRE: There is not?
17 MR. KOFMAN: I think your
18 predecessors fought and lost that argument.
19 MR. McGUIRE: Really?
20 MR. KOFMAN: Yeah.
21 Q Looking at the document we've marked
22 Bouchev-3, which is one of the documents that you
23 produced to us in response to a subpoena, in
24 response to the subpoena, can you tell me what
25 this is?

1 letter if it hasn't been covered already, or we
2 can resolve that.
3 Q I would like you to look at page
4 three. Just so I understand, these are notes of
5 what she heard -- you understand these are notes
6 of what she heard Keith Raniere say?
7 A Yes.
8 Q Looking at page three, there is a
9 diagram. Can you take me through the diagram and
10 explain its meaning?
11 A It's describing how the amount of money
12 that you can make, you meaning if you are the
13 field trainer, and then it shows a line to the
14 next circle, or the first sets of circles, those
15 would be considered direct sales. So in other
16 words, if you enrolled a direct sale, depending on
17 if you were a sale person or a field trainer, in
18 this case, see it says 20 percent, so this is a
19 description of a salesperson. As a salesperson,
20 you would only get 20 percent of the direct. If
21 you were a field trainer, and it was a direct, you
22 could get 30 percent. So that's what the first
23 set of circles is, and then it shows down that
24 there would be other people that maybe came in
25 from those direct sales, and those would be

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

129

1 referrals, and then there would be a percentage
 2 paid, so there was what's called a deductible, so
 3 there would be a deductible I believe of \$360 that
 4 would go up to what's called your up-line field
 5 trainer. No, I think it was up-line proctor.
 6 Either field trainer or proctor, and then the
 7 remainder would be paid to either you, if you were
 8 the field trainer, or to the person who was the
 9 salesperson. So it's just showing the different
 10 layers that as people enroll in what percentage
 11 would travel to who.
 12 Q You have it traveling, or she has it
 13 traveling six layers?
 14 A Okay. You know what, this is -- oh, jeez,
 15 you know what, this is for the center. Okay. So
 16 there is another form, it looks like a matrix.
 17 It's a chart with boxes in it, and what it does is
 18 if you started a center, and that center spawned
 19 another center, you would be able to get what's
 20 called a center bonus, and the center bonus would
 21 be a small percentage based on how many centers
 22 you had. So if you had one center, you would get
 23 a certain percentage. If you had two centers, you
 24 would get another percentage, so based on how many
 25 different centers you had, there would be a bonus

130

1 pool I think that Keith had allocated, I want to
 2 say, up to 15 percent that could be paid out in
 3 what was called this bonus center profit sharing
 4 if you had more than one center. The numbers I am
 5 not as familiar with because this was done almost
 6 eight, nine years ago, and because it didn't
 7 happen that often, it's not like it was commonly
 8 reviewed or happened. The only time I know that a
 9 center spawned another center was in Mexico, and
 10 that was just a couple years ago.
 11 Q Now, the commission structure that
 12 you described before where I referred Peter, Peter
 13 referred Tom, and Tom referred Claudia, that was
 14 in place the entire time that you were at NXIVM?
 15 A I believe so.
 16 Q Was there on the day you left NXIVM?
 17 A I believe so.
 18 Q I'd like to show you a document we've
 19 previously marked Unterreiner-3.
 20 A Yeah, that's a chart.
 21 Q Can you tell me what that chart
 22 represents, and this again is a document that you
 23 produced in response to the subpoena.
 24 A This is Keith's, what he calls his business
 25 model for how the moneys, the revenues would come

131

1 in to ESP/NXIVM, and how it would or could go out.
 2 MR. KOFMAN: I think we need to
 3 change the tape.
 4 THE VIDEOGRAPHER: Yes. This
 5 completes videotape three. Off the record 3:19
 6 p.m. Thank you.
 7 (Discussion off the record.)
 8 THE VIDEOGRAPHER: This is videotape
 9 number four. Back on the record, 3:21 p.m.
 10 Q Okay. I'd like you to take me
 11 through -- you indicated that this was the
 12 business model that Mr. Raniere developed.
 13 You indicated that this was the business
 14 model that Mr. Raniere developed. Did he have
 15 some role in the creation of that chart?
 16 A I mean my understanding is that it was his
 17 chart. He created the whole thing.
 18 Q I'd like you to take me through the
 19 first category here is Ethos, and take me through
 20 how the money was distributed. Actually, strike
 21 that.
 22 The first question says, "How gross income
 23 after fees is distributed?" What are the fees
 24 that are referred to there in that heading, if you
 25 know?

132

1 A So --
 2 Q In the heading, it says, "How is
 3 gross income after fees distributed?"
 4 A Right.
 5 Q What's the after fees mean?
 6 A You know, to be honest about it, I am
 7 sitting here and looking at it myself, and I am
 8 like I'm not sure what after fees are because all
 9 I know -- well, go ahead.
 10 Q Take me through Ethos and how the
 11 money gets distributed.
 12 A Ethos is a -- is the what I would call the
 13 modules that are taught in each of the centers,
 14 and so there's a certain commission that's paid
 15 for those, for Ethos. Ethos are the two-hour
 16 modules that are either taught within an intensive
 17 or taught at the different center locations, and
 18 that's the percentage that's paid on those.
 19 Q 20 percent goes to who?
 20 A The salesperson.
 21 Q Who is the next person there?
 22 A Proctor.
 23 Q How much does the proctor get?
 24 A The proctor gets 10 percent.
 25 Q And the proctor in that chart means

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

133

135

1 who?

2 A It would depend on the organization, so

3 everything stems from the field trainer, so in

4 this example, if I'm the field trainer, and I'm

5 also the salesperson, you can see here, it says

6 salesperson and field trainer, I would get the 20

7 percent.

8 Q Okay.

9 A Now, if I'm the only proctor, if I'm your

10 up-line proctor, then I would also get the 10

11 percent, but let's say, for example, that I

12 brought you in, you became a coach, then a

13 proctor, and then you are now a proctor, and then

14 you bring in Peter, that 10 percent would not go

15 to me anymore because I am now not Peter's

16 proctor, so if Peter made the sale or the

17 enrollment, or Peter enrolled Claudia, you would

18 get that 10 percent for Peter and everybody below

19 Peter. I would no longer get that 10 percent, so

20 it's the proctor who -- as long as there's not a

21 proctor in between the enrollment, then that

22 proctor gets it.

23 Q Would you still get money as field

24 trainer even though you weren't proctor?

25 A Yes, because -- well, it depends. The

1 A Primary school.

2 Q What is that?

3 A If you had reached 100 ongoing people

4 enrolled in Ethos in your center, you could then

5 become eligible to receive 10 percent.

6 Q What happened if nobody had reached

7 that, where would the money go?

8 A Corporate would keep it.

9 Q Explain it to me again when the 10

10 percent would kick in?

11 A When a center received -- when a center had

12 enrolled 100 students.

13 Q So, for example, the Albany center on

14 New Karner Road, that's well over 100 students;

15 correct?

16 A Right, but that was also a corporate owned

17 center, so they always got all of it.

18 Q I see. So in that case, from Albany

19 enrollments, that 10 percent would go to

20 corporate?

21 A Correct.

22 Q Where else were corporate-owned

23 centers?

24 A That was it. The Albany was considered

25 the -- well, technically they owned all of them,

134

136

1 answer to that is it depends. Because there's

2 only 20 percent on the table for either the

3 salesperson or the field trainer.

4 Q Okay.

5 A So if you were a salesperson and a proctor,

6 you'd get the 20 percent because you are the

7 salesperson, so I wouldn't.

8 Q Okay.

9 A And if you also happen to be the proctor,

10 and the sale was from Peter, you'd get the 10

11 percent. I wouldn't get either.

12 Q The next group that's identified

13 there is the proctor group; is that right?

14 A That was the next one. So the next group

15 after that is proctor split.

16 Q What's the proctor split?

17 A When there's -- so within the centers,

18 there's Ethos classes that are taught. My

19 understanding is that they take the moneys each

20 month from the Ethos memberships that are assigned

21 to that center, and then they divvy it up based on

22 which proctor taught during that month, and the

23 proctor would get their prorated share of that

24 pool of money.

25 Q What's the next split on there?

1 but in regards to this 10 percent, Albany --

2 Nancy, I believe, was technically the starter of

3 that, and Nancy was corporate, so Nancy got that

4 10 percent.

5 Q So was that -- I see. I see. So

6 Nancy would get the 10 percent there because she

7 was the starter of the school?

8 A I believe so.

9 Q Outside of Albany -- strike that.

10 For example, the Alaska center, who would get that

11 10 percent?

12 A There wasn't an Alaska center, not that I

13 know of.

14 Q What about for trainings that were

15 held in Alaska?

16 A Okay. So Ethos is the ongoing weekly

17 classes. In order to do that, you need to have

18 what's called a center satellite. There are

19 intensives that are taught in locations where

20 there are no centers that exist at all, and an

21 intensive is a stand-alone two-week thing, and you

22 get paid separately on intensives.

23 Q We are going to go through those

24 next.

25 A So does that explain?

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

137

139

1 Q I understand. So Ethos isn't offered
2 in Alaska?
3 A No.
4 Q What's the next thing on the list?
5 A School longevity fund.
6 Q What's the school longevity fund?
7 A Well, I'm refreshing my memory with this
8 because this was years ago, and this has never
9 been done that I know of. So if I look at this
10 and just refresh my memory, the note here says
11 that at 20,000 a month for 12 months, you could
12 get a bonus, so apparently there would be, if you
13 were in existence for a certain period of time,
14 you may possibly be eligible for another
15 percentage, but nobody ever did, and I never heard
16 of it, so I don't believe that was ever paid out.
17 Q Do you know what happened to that
18 percentage?
19 A It would stay at corporate.
20 Q Okay. What's next on the list?
21 A EM tech.
22 Q What's EM tech?
23 A Well, you can see in this first column that
24 there's no payout for that, so if -- an EM
25 technician was someone who had reached a certain

1 percentage?
2 A Okay. So let me clarify this. An
3 intensive didn't have one-on-one counseling
4 sessions where the person who was certified as an
5 EM would be charging the participant individually.
6 An intensive was a two-week stand-alone program
7 that falls under one of these other categories, so
8 that's number one. Number two, some of those
9 intensives would be taught by a head trainer that
10 was not a certified EM tech, and then when the
11 demos would come to do a demo of a certain
12 sourcing within that two weeks, most often an EM
13 tech would come in, do that one sourcing as a
14 demonstration to the room, and then most likely
15 they would leave, so your question is not a simple
16 straight answer.
17 Q For Ethos classes, what percentages
18 would NXIVM corporate receive? It sounds like it
19 could vary?
20 A Yes.
21 Q What would be the range of
22 percentages?
23 A Well, I think for the most part, outside of
24 the 30 percent that went to a salesperson, in most
25 cases within a center, 70 percent would go to

138

140

1 level of learning the Rational Inquiry technology
2 and was certified, and if corporate approved them,
3 they were then eligible to charge by the EM for
4 their services directly to the participant, and
5 then that participant would pay them direct, and
6 then they would pay a royalty or a percentage of
7 that to corporate.
8 Q Okay.
9 MR. KOFMAN: Could you read back that
10 last answer?
11 (Record read.)
12 Q Who were certified EM techs?
13 A Karen Unterreiner, Lauren Salzman, Siobahn
14 Hotaling, Nancy Salzman, and I believe Loretta
15 Garza, Becky Friedman, and that's all I know for
16 sure, I believe
17 Q Was there a certified EM tech at
18 every Ethos held in Albany, in the Albany center?
19 A I am not sure that I understand.
20 Q Was there a certified EM tech at
21 every intensive that would be conducted at the
22 Albany center?
23 A No.
24 Q There was some intensives held where
25 there would be no certified EM tech to get a

1 corporate on Ethos.
2 Q Okay.
3 A And there were various times that one or
4 two centers qualified for the 100 people, and then
5 they would receive the 10 percent, but for the
6 most part in this column, you know, 70 percent of
7 it was going to corporate.
8 Q How about for an intensive, what
9 percentage would corporate receive?
10 A Okay. In an intensive, the intensive would
11 be different because 30 percent, my understanding
12 is 30 percent would go out to the salesperson and
13 the proctor, and then another 30 percent would be
14 allocated to what's called the head trainer
15 overhead, and then within that, the head trainer
16 would pay themselves the overhead for the
17 intensive, and then I believe that the remainder
18 would go to corporate.
19 Q So that would be either 30 or 40
20 percent would go to corporate?
21 A Correct.
22 Q Did NXIVM keep breakdowns as to how
23 many people took Ethos as compared to how many
24 people took intensives?
25 A Yes.

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

141

143

1 Q Do you have a recollection of what
2 that breakdown was?
3 A I have actual numbers that would show
4 that --
5 Q Okay.
6 A -- for certain years from 2002 to 2006. I
7 have the actual numbers, but if I sit here and
8 recall, I would be guessing.
9 Q I will ask and deal with your
10 attorney on that issue. Do you remember one way
11 or the other as to whether more people took Ethos
12 or more people took intensives?
13 A More people took intensives.
14 Q Did the number of people who took
15 intensives increase from year to year to your
16 recollection?
17 A Yes.
18 Q And that was for every year that you
19 were affiliated with NXIVM?
20 A Yes. I should clarify that there's many
21 different types of intensives that would generate
22 different revenues.
23 Q Would the breakdown of the income be
24 the same for all three intensives, all three
25 types?

1 document that we've previously marked as Derks-3.
2 It's entitled, Release of Liability Agreement.
3 This happens to be for -- identified Michael
4 Sutton.
5 MR. MCGUIRE: What's the number of
6 that, Harold? I am sorry.
7 MR. KOFMAN: Derks-3.
8 Q Let me know when you are ready.
9 A Okay.
10 Q Are you familiar with this type of an
11 agreement?
12 A I haven't seen this in a long time, so I'm
13 not. I remember seeing it a long time ago but not
14 in a long time.
15 Q Are you aware that NXIVM obtained
16 from students a release of liability agreement for
17 emotional or physical harm?
18 A No, I'm not familiar with this terminology,
19 release of liability.
20 Q This is not something that you dealt
21 with within your day -- or that you saw in your
22 experience?
23 A No, I don't recall this. I mean I recall a
24 confidentiality agreement, but I don't recall
25 release of liability agreement, but this was early

142

144

1 A I believe so.
2 Q Okay. How much was the Ethos or the
3 Ethos -- how much was an Ethos membership? Strike
4 that.
5 How much did an Ethos membership cost?
6 A Well, there was three months, six months
7 and 12 months.
8 Q What was the three-month?
9 A The three-month was about 1,000. Six-month
10 was about I think 1200, and 12 months was about
11 2,000.
12 Q Do you have information as to the
13 breakdown as to how many people signed up for
14 three months as opposed to the six-month or
15 12-month?
16 A Yes.
17 MR. KOFMAN: If we can take a
18 bathroom break, I want to go into my last area and
19 then pass, move along.
20 THE VIDEOGRAPHER: Off the record
21 3:37 p.m.
22 (Break taken.)
23 THE VIDEOGRAPHER: Back on the record
24 3:44 p.m.
25 Q Ms. Bouchey, I want to show you a

1 on, so I don't -- I don't recall this agreement
2 per se.
3 Q As far as you recall, this wasn't
4 standard practice within NXIVM?
5 A It may have been back then, but this
6 agreement or the agreements that people signed
7 looks different than this now, and it's called
8 something different so.
9 Q I'd like to show you a document that
10 we've previously marked as Salzman-17 and ask
11 you -- directing your attention to the second page
12 and ask you to read the first two paragraphs.
13 MR. MCGUIRE: 17?
14 Q Salzman-17. It's A, B, and C.
15 A You want me to read these first two
16 paragraphs?
17 Q The first two paragraphs.
18 MS. RYAN: To yourself.
19 A Oh.
20 Q To yourself, yes.
21 A Okay.
22 Q Do you see in there, and I can
23 represent to you that that's a document that NXIVM
24 produced in this matter that was attached to their
25 amended complaint to set forth their damages

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

145

147

1 claim. Do you see there that NXIVM contends that
2 each student ordinarily expends \$6,000 on NXIVM
3 courses?

4 A Yes, I see that.

5 Q Do you have any understanding based
6 on your experience as a field trainer as to
7 whether that's an accurate estimate of the amount
8 that the average student expends at NXIVM?

9 A I would not say that's accurate.

10 Q What do you base that on?

11 A First off, 6,000 is assuming the student
12 takes a 16-day. Most students didn't take a
13 16-day. Probably half or more than half took only
14 a five-day, which is \$2160 if they sign up with a
15 discount, or \$2430, which is the most common price
16 paid. So that stands out right there for me. So
17 one, most people didn't take a 6,000, 16-day; they
18 took a five-day. Secondly, not everyone took an
19 intensive. My guess is maybe half or 60 percent
20 of the people took an intensive, and the remaining
21 people took either Origins or Ethos, which is a
22 much lower price, so that's the first thing that I
23 see is not accurate.

24 Q In your experience, do most people
25 sign up for one intensive or multiple intensives?

1 A Most people only sign up for a five-day,
2 and then some sign up for a 16-day. It's a very
3 small percentage that sign up to continue after
4 that or to do a repeat intensive.

5 Q And the people who sign up for Ethos,
6 has it been your experience that most of them
7 ultimately sign up for an intensive?

8 A No.

9 Q Do you have any documentation that
10 would relate to the average amount expended by a
11 student in NXIVM?

12 A Can I go back to your previous question --

13 Q Yes.

14 A -- because I think I want to clarify?

15 Most Ethos are created -- once a person attends an
16 intensive, they are most likely to then be part of
17 Ethos, not the other way around.

18 Q Is there information that would show
19 how long they participate in Ethos after they take
20 an intensive?

21 A Corporate could provide that to you.

22 Q Okay. Did you keep records of this
23 type of information for your organization?

24 A Yes and no. Yes, in that when I was part
25 of the organization, I had access to their

1 computer system, and then that was my way of
2 having my own records. There came a point though
3 that I became aware that that was not information
4 that I could have outside of that, so I started to
5 keep my own spread sheets. I created an Excel
6 spreadsheet a number of years ago, and I would
7 duplicate my entries into my own spreadsheet so
8 that I wasn't solely dependent on their computer
9 system.

10 Q The next component refers to
11 referrals that the average student makes, and the
12 representation is made that the average student
13 would be responsible for \$32,500 worth of
14 referrals. Based on your experience, is that
15 accurate?

16 A No.

17 Q What's the basis for your statement?

18 A Keith propagated that in general in sales,
19 you know, universal sales, meaning any kind of
20 product, that most people have the potential to
21 refer I think it's 2.4 or 2.6 people. His goal
22 was to help us to achieve those averages.
23 However, our experience within ESP and NXIVM was
24 not that. We never achieved two referrals per
25 person of people that enroll, so most students

146

148

1 never referred anybody. There was a small
2 percentage that did refer.

3 Q Did NXIVM keep records as to how many
4 students the average student referred?

5 A Yes, they have what's called a genealogy
6 report, and the genealogy report would show you --
7 if I came in and I enrolled you, and then you
8 enrolled Peter, and Peter enrolled Claudia, there
9 would be a genealogy report you could elicit on my
10 name, my number, and it would show all of us, and
11 so then you would be able to see how many people
12 did you refer, how many people would Peter refer,
13 how many people would Claudia refer. So that's
14 number one. You could also do it per individual,
15 so you could just put in Peter's number, and you
16 could just see from Peter downward, so you could
17 just see who Peter referred and who referred from
18 Peter, so it's all very well kept and computerized
19 right from the very beginning as to -- they could
20 produce that report. As a matter of fact, I have
21 my own report for my own organization, but I
22 didn't provide that, but that could be provided
23 because I exported that into an Excel spreadsheet.
24 Q That's something I will look at with
25 Ms. Ryan later.

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

149

151

1 MS. RYAN: I believe that would be
2 something subject to a new subpoena.
3 MR. KOFMAN: Yes.
4 Q You indicated that NXIVM never
5 achieved the 2.4 referral that Keith said was
6 standard. What was its referral rate?
7 MR. MCGUIRE: Object to the form of
8 the question.
9 Q To your understanding, what was
10 NXIVM's referral rate?
11 A I would be guessing based on my experience.
12 Q Would that be something that you
13 would have seen back at the time or known back
14 when you were at NXIVM?
15 A When Keith said it's the standard, Keith
16 was not quoting the standard for NXIVM.
17 Q I understand.
18 A Keith was quoting some kind of statistical
19 average universal for sales for any kind of
20 product. So we never produced a report that I
21 know of in the nine years that I was there that
22 actually demonstrated what our percentages were,
23 but there were ways that one could extrapolate
24 that if one wanted to put the time and effort into
25 it.

1 Q That could be found somewhere else?
2 A Yes, they have all those records.
3 Q Do you know how the figures that are
4 set forth on Salzman-17 were arrived at?
5 A When I read, I read Nancy Salzman's
6 transcript from these depositions, and in that
7 transcript, she explained how she came up with
8 these numbers, and so I'm familiar with how she
9 stated those numbers were calculated.
10 Q And other than from that transcript,
11 do you have any other understanding as to how
12 these numbers came about?
13 A No.
14 Q In reading Nancy Salzman's deposition
15 transcript, is there anything that struck you as
16 being inaccurate?
17 MR. LEONARD: Before we get an answer
18 to that, let me make sure I am understanding what
19 deposition transcript we are referring to and
20 whether or not it was given to this non-party in
21 the properly redacted form. Are we talking about
22 the transcript from this case?
23 MR. KOFMAN: Yes. She signed that
24 undertaking as a witness.
25 MR. LEONARD: Who signed an

150

152

1 Q Were there discussions held either on
2 the executive board or elsewhere about the fact
3 that the referral rate was not as high as people
4 thought it should be?
5 A Yes.
6 Q What was the nature of those
7 discussions?
8 A To discuss why we couldn't achieve that.
9 Q By that, do you refer to the 2.4
10 figure?
11 A Yes.
12 Q Did Keith Raniere participate in
13 those discussions?
14 A Yes.
15 Q So it was understood that you were
16 not getting 2.4 referrals per student?
17 A Yes.
18 Q That would be reflected on the board
19 minutes?
20 A Quite possibly.
21 Q And would the genealogy report that
22 you described, would that also indicate how much
23 each person who was referred expended at NXIVM?
24 A Yes -- well, no, that would be another
25 report.

1 undertaking as a witness?
2 MR. KOFMAN: Ms. Bouchev and Ms.
3 Ryan.
4 MS. RYAN: We signed whatever your
5 confidentiality agreement is.
6 MR. LEONARD: Why would she be
7 allowed to see that transcript?
8 MR. SKOLNIK: Because the
9 confidentiality order specifically permits
10 witnesses at depositions to be privy to
11 confidential information in order to prepare for
12 their deposition if they sign the undertaking.
13 MR. LEONARD: That's experts.
14 MR. KOFMAN: No. It says witnesses
15 as well.
16 MR. SKOLNIK: Fact witnesses.
17 MR. LEONARD: We can debate that at
18 another point. I think it's improper.
19 MR. KOFMAN: No, it says that in the
20 order.
21 MR. LEONARD: And I would like to
22 know right now what else this witness has been
23 provided from discovery in this case?
24 MS. RYAN: We only got transcripts.
25 MR. LEONARD: I'd like those

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

153

155

1 identified right now so we can --
 2 MR. KOFMAN: You can ask your
 3 questions.
 4 MR. LEONARD: I don't think it's
 5 going to get to me today, and I would like to know
 6 what transcripts and what other documentary
 7 information has been provided to this witness. We
 8 can argue about the propriety of this later, but
 9 I want to know right now.
 10 MS. RYAN: I can tell you no
 11 documentary evidence has been provided. I don't
 12 have any exhibits.
 13 MR. LEONARD: Were there exhibits to
 14 the depositions?
 15 MS. RYAN: Not attached.
 16 MR. LEONARD: What witnesses?
 17 MS. RYAN: Off the top of my head, I
 18 don't know, but we'll provide that to you. Let's
 19 just continue --
 20 MR. LEONARD: I would like to know by
 21 the end of today though.
 22 MS. RYAN: Well, if Barbara can
 23 remember off the top of her head, she can give it
 24 to you.
 25 MR. SKOLNIK: And, Bob, I would

1 A First off, this is not accurate because she
 2 stipulates that the average student comes and
 3 spends 6,000 on themselves and refers 2.2 people,
 4 and that's not accurate or true, so this is not
 5 true. In addition, are you asking me to list the
 6 other things that are inaccurate?
 7 Q What you recall?
 8 A She was asked if the Bronfmans paid for any
 9 of her legal fees. That was inaccurate. She was
 10 asked if they paid for any of her real estate.
 11 That's not accurate. She was asked if the
 12 Rational Inquiry technology was ever taught or
 13 trained to anybody. That was inaccurate. She was
 14 asked if Keith was involved in any of the legal
 15 cases and/or any of the conversations regarding
 16 Rick Ross and other various things, and that's not
 17 accurate. She was asked about how the company is
 18 run and the portrayal of that with Keith's
 19 involvement. That was not accurate. She was
 20 asked at various times, for example, who runs the
 21 company. There was a new board formed one month
 22 after I quit, which was April 24, so there was a
 23 new board formed on May 10th, and she alleged that
 24 that new board, which had five members on it, run
 25 the day-to-day operations, and that's not

154

156

1 suggest that you read the confidentiality
 2 agreement.
 3 MR. LEONARD: I will.
 4 MS. RYAN: Let's at least finish this
 5 first. If she can recall, we will put it on the
 6 record.
 7 Q Do you recall what transcripts you
 8 read?
 9 A For this?
 10 Q Yes, in advance of today?
 11 MS. RYAN: Not just for that
 12 question. He means any transcripts.
 13 A No. I was never consulted for them to come
 14 up with this calculation.
 15 Q What deposition transcripts have you
 16 read before today?
 17 A Oh, I have read Keith Raniere's, Nancy
 18 Salzman's, and Kristin Keefe's.
 19 Q Based on your review, is there
 20 anything that you saw in Nancy Salzman's
 21 deposition that was incorrect?
 22 MR. CROCKETT: Object to the form.
 23 MR. McGUIRE: Join.
 24 A Many things.
 25 Q What do you recall?

1 accurate, because that board's only been in
 2 existence four months, and it's not a real board,
 3 and I would not say they've run the company for
 4 the last 12 years, so that was inaccurate. She
 5 was asked at various times who was in charge of
 6 different departments, and that was not accurate.
 7 She was asked about her visits to the Sutton
 8 family, and for some reason she omitted that I
 9 actually went down there with her, and that there
 10 were meetings about them with Keith, and that was
 11 not accurate. There's probably others. I took
 12 notes. You know, I highlighted areas that were
 13 not accurate. So if you give me another minute to
 14 sit here, I could probably come up with some more.
 15 MS. RYAN: That's good.
 16 Q Based on your review of Mr. Raniere's
 17 deposition testimony, was there anything you found
 18 to be inaccurate?
 19 MR. LEONARD: Object to the form of
 20 the question.
 21 MR. CROCKETT: Join.
 22 MR. McGUIRE: Join.
 23 Q You can answer.
 24 A Yes.
 25 Q What do you recall?

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

157

159

1 A First thing that he said that he has not
2 been running the company or active since 2001, and
3 that's not accurate.

4 Q Based on what you told us today?

5 A Correct, or documents that I've provided to
6 you already.

7 Q What else?

8 A He said that he wasn't involved in any of
9 the legal cases or consulted or doesn't make those
10 decisions, and that's very inaccurate. He was
11 asked about what his daily activities were, and he
12 says that he only expends about 10 hours a month
13 on the company, and that's very inaccurate. He
14 was, you know, asked about various things about
15 the company structure. That wasn't accurate.

16 Q How was it inaccurate?

17 A Well, it's how the company is run, who is
18 in charge of what, how decisions are made, who
19 reports to who, was very inaccurate.

20 Q Specifically, did he improperly
21 minimize his own role in the decision-making
22 process?

23 MR. LEONARD: Object to form.

24 A Yes.

25 Q And that's along the lines that you

1 inaccurate. Keith oversaw all of it. They
2 reported to him. He directed them, he guided
3 them, he taught them, and made those decisions,
4 and so that's very inaccurate. There was a
5 portrayal by her of Keith's involvement in the
6 company and its running and operating. That was
7 very inaccurate. She, when asked about Toni
8 Natalie and her knowledge of her and the lawsuits,
9 that was inaccurate. When asked about Rick Ross
10 and the garbage, his bank records and his credit
11 cards, I was present while she bragged to me about
12 how they got a hold of his telephone records and
13 garbage in front of Keith. So they are alleging
14 that Keith didn't know about that and that Kristin
15 didn't know about that, but, in fact, that's not
16 true, she did know about that, and she was present
17 for that, and she -- you know, it seems to be a
18 general theme --

19 MS. RYAN: The question is what is
20 inaccurate.

21 A Okay.

22 Q I will leave some of those things to

23 --

24 MR. McGUIRE: Wait a minute. I would
25 like her to answer that question.

158

160

1 told us today; correct?

2 A Yes. There's also questions about where he
3 lives, did the Bronfmans provide him with any
4 benefit. That's not accurate. He was asked about
5 his knowledge of Rick Ross and what they call the
6 sting operation and alleged that he was not
7 consulted or made aware of that, nor directed or
8 guided that, and that's very inaccurate. He was
9 asked about Toni Natalie and things involving her
10 and the topic of her, and that's inaccurate.

11 Those are --

12 Q Those are what you remember now.
13 Have you had the opportunity to read Kristin
14 Keefe's deposition?

15 A Yes.

16 Q Did you find anything that you
17 believed was inaccurate?

18 MR. LEONARD: Object to the form of
19 the question.

20 MR. McGUIRE: Join.

21 A Yes, lots of -- many inaccuracies.

22 Q What do you recall?

23 A Again, she's alleging that Nancy made all
24 the decisions about the legal cases and that they
25 didn't consult with Keith, and that is completely

1 Q Are you finished with your answer?

2 MS. RYAN: Continue. Anything else
3 that is accurate?

4 MR. McGUIRE: Anything else? Let her
5 put it on the record.

6 MS. RYAN: Anything else inaccurate
7 in Kristin's deposition. I will direct her.
8 Thanks, Bill.

9 A There were questions about was anybody
10 investigated, and did she know about that. That
11 was inaccurate. I think that's --

12 Q Are you aware of any investigation
13 that was undertaken concerning Morris and Rochelle
14 Sutton by NXIVM or at NXIVM's behest?

15 A Yes.

16 Q What is your knowledge of that?

17 A Only through Kristin sharing that she
18 personally was investigating them and that they
19 had what they believed to be information or
20 knowledge that they were into child labor or ways
21 of running their companies that they thought were
22 unethical. Now, I don't know how she garnered
23 that knowledge though, only that she shared that.

24 Q I was going to ask. Did she give any
25 information as to how she came across that

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

161

163

1 information?
 2 A Not in that case, no.
 3 Q Are you aware of any investigation
 4 that NXIVM performed as to Stephanie Franco?
 5 A No.
 6 MR. KOFMAN: I am going to check. I
 7 would like to have this marked as Bouche-4.
 8 (Bouche-4, e-mail correspondence
 9 between Bouche and Michael Sutton, was received
 10 and marked for identification.)
 11 Q I would like to direct your attention
 12 to the bottom of that exhibit.
 13 MR. McGUIRE: Could we have the
 14 entire exhibit or just the page?
 15 MR. KOFMAN: It was a string of
 16 e-mails that was produced.
 17 MR. McGUIRE: I see the top says page
 18 two of three.
 19 MR. CROCKETT: We didn't get this
 20 particular string, or we couldn't open it.
 21 MR. KOFMAN: This was e-mailed to you
 22 last week.
 23 MR. CROCKETT: Yeah. There was one
 24 file that we couldn't open. It was corrupted, so
 25 I would like that re-e-mailed to me.

1 way down, it says, "Each week I learn more about
 2 what has gone on over the last 10 years that even
 3 I didn't know about." Can you tell me what you
 4 were referring to in that e-mail?
 5 MR. McGUIRE: Where is that?
 6 MR. KOFMAN: It's about halfway down
 7 of her August 22 e-mail.
 8 MR. McGUIRE: I see it, yeah. Okay.
 9 Q Strike that. With respect to that,
 10 were you referring to things having to do with
 11 NXIVM?
 12 A Yes.
 13 Q What about NXIVM were you referring
 14 to?
 15 A I think in general over the years as Keith
 16 had brought lawsuits against different parties and
 17 people and the way that he spoke about different
 18 people, including Toni Natalie and different
 19 people, Precision Development, Yuri, Natasha,
 20 different lawsuits, things of that nature, that I
 21 just took it at face value what he was saying to
 22 be true, or what was propagated. When I left, I
 23 decided to do my own investigation because there
 24 were many things that I had become aware of that
 25 didn't seem right, and so I have learned of many

162

164

1 MR. KOFMAN: I certainly will. In
 2 fact, what I can do is I can FedEx a hard copy to
 3 you as well to make sure you have it.
 4 MR. CROCKETT: That would be great.
 5 MR. KOFMAN: Did anybody else --
 6 Peter, were you able to open it?
 7 MR. SKOLNIK: No. There was one file
 8 that apparently no one could open. This was not
 9 part of that file because this was produced.
 10 MR. CROCKETT: I've not seen this.
 11 MR. KOFMAN: Peter, you've seen this?
 12 MR. SKOLNIK: Yes.
 13 MR. KOFMAN: Okay. But I will be
 14 happy to, Bob.
 15 MS. RYAN: Harold, did you have
 16 anything that you couldn't open?
 17 MR. KOFMAN: Not that I recall. It
 18 might have been the synopsis of day three. We had
 19 trouble, could not open. It was encoded or
 20 encrypted.
 21 Q Is the bottom a true copy of an
 22 e-mail that you sent to Michael Sutton on August
 23 22, 2009?
 24 A Yes.
 25 Q Directing your attention about half

1 things that are going on with the legal cases that
 2 I did not know. That's one. Number two,
 3 oftentimes I was lied to about what women he was
 4 involved with and having intimate relationships
 5 with, and I've had knowledge of seven more women
 6 he was involved with that I did not know, and that
 7 many of the inner circle lied to me about why they
 8 left and what went on between them with the group,
 9 the inner circle, and with Keith, and also I have
 10 learned about what his life was like before
 11 starting Executive Success Programs and certain
 12 ways that he would conduct himself both personally
 13 and professionally, and also I've read -- I went
 14 through some documents that I had, because I did
 15 the Bronfmans' bookkeeping, and so I had 17 boxes
 16 because the Bronfmans have been paying most of
 17 NXIVM's legal bills for the last three or four
 18 years, and so all the legal bills were in the
 19 bookkeeping files amongst other correspondence,
 20 and so I spent a couple of weeks and I read
 21 through those 17 boxes to find out what was going
 22 on in the legal cases, and I became aware of
 23 things that they were alleging in those documents
 24 that I know are not true and things that they are
 25 claiming that some people have done that I know

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

165

1 are not true, and also within my own office I
 2 became aware of reading through e-mails and
 3 documents that I was not privy to because they
 4 there were exchanges between my office and Kristin
 5 Keith Keefe and the Bronfmans and Nancy and Kathy
 6 Russell that I didn't see or read because, you
 7 know, I had people working for me that did their
 8 jobs, and I didn't do their jobs and do
 9 everything, so I've spent countless hours reading
 10 through those e-mails to have a better
 11 understanding of what was going on, and that has
 12 been a rude awakening, and so I have -- and then
 13 there's different people that have left like Peter
 14 Fallon and Svetlana Kauhtlin and Mary O'Donnell,
 15 and different people have shared with me, because
 16 they feel that they can share these things with me
 17 now, why they left and what Keith shared with them
 18 about different things and what went on with them,
 19 so there's been many personal experiences with
 20 people that I've become privy to, and so I have --
 21 each week something surfaces that I didn't know
 22 about or things that weren't disclosed or lied to
 23 about so.
 24 Q I am going to back up a little bit.
 25 MR. McGUIRE: I would demand that

166

1 counsel for Ms. Bouchey review the documents to
 2 which Ms. Bouchey has referred to determine
 3 whether there are any attorney/client privileged
 4 materials contained therein. As I recall,
 5 RPC 4:4, once a document is obtained by somebody
 6 else inadvertently and that document on its face
 7 indicates that it's an attorney/client privileged
 8 document that the attorney seeing it has an
 9 obligation to not read that document, or if he or
 10 she has started to read it, stop immediately and
 11 advise the client or counsel for the client of the
 12 existence of that document, and if requested,
 13 return it. As a matter of fact, I think the rule
 14 requires --
 15 MS. RYAN: Let me stop you. I have
 16 no documents.
 17 MR. McGUIRE: But your client has
 18 documents --
 19 MS. RYAN: I understand. I was not
 20 her attorney when she went through --
 21 MR. McGUIRE: I am not disputing it.
 22 What I am asking now is --
 23 MS. RYAN: I thought you were.
 24 Mr. Crockett knows I was not an attorney of record
 25 during that deposition, and Mr. Kofman knows I was

167

1 not, and these records have been produced, and
 2 there is a Precision Development subpoena
 3 outstanding which I am working with their counsel
 4 on. We have 22 boxes of materials available to
 5 give to them when they take the time to pick a
 6 date that's convenient to both of us and a
 7 location, and I was working on that yesterday with
 8 Mr. Wall; correct?
 9 MR. McGUIRE: I did not mean to
 10 impune you. If you got that impression, I
 11 apologize.
 12 MS. RYAN: Thank you.
 13 MR. McGUIRE: What I am asking you to
 14 do is to go through those documents, and if on
 15 their face they obviously relate to
 16 attorney/client privilege that the documents be
 17 returned.
 18 MS. RYAN: The documents -- first of
 19 all, the Bronfmans' 17 boxes have already been
 20 provided to them as part of another proceeding
 21 involving Steve Coffey.
 22 MR. McGUIRE: I am talking about she
 23 was talking about attorneys' bills which could
 24 contain attorney/client privilege.
 25 MS. RYAN: They were returned

168

1 because they were part of Bronfmans' file. That's
 2 what I am trying to tell you. Steve Coffey,
 3 counsel -- this was all exchanged before. They
 4 are, by the way, in this box that we still have
 5 the box with the 17, the same documents, we have
 6 agreed to reproduce them, and I am waiting for
 7 counsel to make arrangements. James Wall.
 8 MR. SKOLNIK: And based upon the
 9 testimony that I have heard, there's no testimony
 10 that Ms. Bouchey came into possession of any of
 11 these documents inadvertently.
 12 MR. McGUIRE: You think she's
 13 entitled to them?
 14 MR. SKOLNIK: She was given these
 15 documents.
 16 MR. McGUIRE: By whom?
 17 A I did their bookkeeping for five years.
 18 MR. McGUIRE: Does that mean that you
 19 can take these documents? I am putting counsel on
 20 notice of the rule, and I don't mean just you. I
 21 mean all counsel in this room.
 22 MS. RYAN: I am telling you already
 23 there's been other proceedings prior to this.
 24 Most of all of you are aware of it, and if you
 25 aren't, and there is a subpoena outstanding, and

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

169

171

1 17 boxes were already returned to the Bronfmans
 2 and including the documents she just referenced
 3 and including the information about the attorney
 4 bills. They were records in her possession as
 5 part of being their financial advisor, bookkeeper,
 6 and they have been returned, and that has been
 7 resolved with Stephen Coffey, and I believe with
 8 Don Consella involved in it.
 9 A Don Consella and Pat Green.
 10 MS. RYAN: So there have been
 11 attorneys involved in that already. I was not the
 12 attorney of record, and if there's something else
 13 out there, again, that box of -- the 17 boxes is
 14 going to be reproduced again. As I understand it
 15 from James Wall, the clients for Precision
 16 Development want to review everything, and there's
 17 additional documents, so I think we are up to 23
 18 boxes now, and that's what's outstanding as we sit
 19 here today, and they relate to Precision
 20 Development at this point, their subpoena.
 21 MR. McGUIRE: To your knowledge are
 22 any documents which on their face disclose
 23 attorney/client privileged information been turned
 24 over to counsel in this case as opposed to some
 25 other case?

1 bills?
 2 MR. KOFMAN: I have nothing that's
 3 not been forwarded to everyone.
 4 MR. CROCKETT: He's not answered the
 5 question.
 6 MR. KOFMAN: No, they have not.
 7 MR. CROCKETT: They have been
 8 provided privileged material, which I will
 9 demonstrate, which they've held onto and looked at
 10 and not returned.
 11 MR. KOFMAN: Then the rules require
 12 you to send me a letter to identify it so I can
 13 make a determination.
 14 MR. McGUIRE: If its on face --
 15 MR. KOFMAN: There is nothing on its
 16 -- the rule puts the onus on you to send me some
 17 notification.
 18 MR. McGUIRE: Oh, no. I --
 19 MR. KOFMAN: I have quoted the rule
 20 to you, Bill, and you never sent me a letter.
 21 MR. McGUIRE: You are talking about
 22 Rule 45, and I am talking about, and Mr. Crockett
 23 is talking about, RPC 4:4. 4:4 absolutely puts a
 24 requirement on you, or Mr. Skolnik, if he received
 25 documents which on their face implicate the

170

172

1 MS. RYAN: I have not been asked for
 2 anything that relates to attorney/client
 3 privilege.
 4 MR. McGUIRE: So the bills that Ms.
 5 Bouchev has talked about --
 6 MS. RYAN: I haven't been asked for
 7 any of this stuff. I don't know your issues in
 8 your litigation and what you are all focusing on.
 9 I got a subpoena, and we've responded to the
 10 subpoena, and it was tailored in such a way that
 11 obviously you didn't get a lot of documents that
 12 you might now want. I can suggest, as I have to
 13 Mr. Kofman, that if there are documents that you
 14 want, and if you think this box, we have got 23
 15 boxes sitting there, if you want to look at the 23
 16 boxes, and it's somehow relevant to your
 17 litigation, I think probably Mr. Crockett would be
 18 in the best position since he's representing
 19 Precision Development in that litigation, and he's
 20 free to come look, and he may determine that some
 21 of it's relevant here. I think that's between of
 22 all of you as to how you handle it, or serve me
 23 with another subpoena.
 24 MR. McGUIRE: Have counsel in this
 25 case been provided with copies of any attorneys'

1 attorney/client privilege, you have the obligation
 2 to stop reading and immediately return those
 3 documents.
 4 MR. KOFMAN: I saw nothing that
 5 implicated the attorney/client privilege. Whether
 6 or not they are there, if there is such a thing, I
 7 will be happy to return them to you.
 8 MR. CROCKETT: No, we got plenty.
 9 MR. McGUIRE: Mr. Skolnik, do you
 10 have any attorney/client privilege documents?
 11 MR. SKOLNIK: I have exactly what you
 12 have.
 13 MR. CROCKETT: He's dodging it. That
 14 doesn't answer the question.
 15 MS. RYAN: Just for the record, the
 16 Bronfmans' records since they are not in this
 17 party, I believed Barbara -- if they have been
 18 subpoenaed, none of those records have been
 19 produced.
 20 MR. CROCKETT: I will deal with that
 21 when I do the questioning. They have privileged
 22 material, and they know it. They are not
 23 answering the question.
 24 MR. KOFMAN: Excuse me, sir. How
 25 dare you tell me what I know and don't know.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

173

175

1 MR. CROCKETT: We've asked you, and
2 you have not answered.
3 MR. KOFMAN: I have exactly answered.
4 I am not aware of any privileged documents that I
5 have seen in my review of the documents. If there
6 are such, bring it to my attention, and I will be
7 happy to return it.
8 MR. CROCKETT: All right.
9 MR. SKOLNIK: Do you have any idea,
10 Bob, what each of us have looked at? Do you know
11 what documents I've reviewed?
12 MR. CROCKETT: Your response was,
13 "You have what we have."
14 MR. SKOLNIK: That's right.
15 MR. KOFMAN: I have forwarded
16 everything that was sent to everyone.
17 MR. SKOLNIK: Did you ask me if I
18 read everything that I was given?
19 MR. CROCKETT: You have Harris Beach
20 documents, and you have documents discussing
21 Proskauer requests.
22 MR. KOFMAN: I never read any Harris
23 Beach documents or Proskauer requests, nor have I
24 ever seen such.
25 MR. CROCKETT: And you have a lawyer

1 correspondence discussing Kristin Keefe?
2 MR. SKOLNIK: Bob, unfortunately this
3 is not your deposition, and I am certainly not the
4 witness.
5 MR. CROCKETT: How am I supposed to
6 get the information if I can't ask you?
7 MR. SKOLNIK: You tell me what it is
8 that you believe is subject to attorney/client
9 privilege, and if I agree with you, I will return
10 it.
11 MR. McGUIRE: Peter, are you saying
12 that -- you are making a representation that you
13 saw nothing which on its face indicated that a
14 document was produced which was attorney/client
15 privilege?
16 MR. SKOLNIK: That's the
17 representation I am making.
18 MR. McGUIRE: Okay.
19 MR. CROCKETT: All right.
20 MR. McGUIRE: I understand Harold if
21 he hasn't reviewed them, but I find it hard to
22 believe that some of those documents, if read,
23 would not on their face disclose that they are
24 attorney/client privilege.
25 MR. SKOLNIK: If read.

174

176

1 letter from a NXIVM lawyer to the Bronfmans
2 somewhat critical of Kristin Keefe.
3 MR. KOFMAN: I didn't see that in any
4 of the documents that I reviewed. Maybe I
5 couldn't open it, but I didn't see them.
6 MR. CROCKETT: You sent it to me.
7 MR. KOFMAN: I sent you stuff before
8 I even opened the documents. Identify it, and I
9 will send it back. I have given you my
10 representation.
11 MR. SKOLNIK: Everything that you
12 think is subject to attorney/client privilege, let
13 us know, and if we agree with you, we will return
14 it.
15 MR. KOFMAN: I am giving you my
16 representation I didn't look at those documents.
17 MR. CROCKETT: Did you look at those
18 documents, Mr. Skolnik?
19 MR. SKOLNIK: I am telling you that I
20 have not seen anything that I think is subject to
21 attorney/client privilege.
22 MR. CROCKETT: Have you looked at the
23 correspondence from Harris Beach?
24 MR. SKOLNIK: Not that I know of.
25 MR. CROCKETT: Have you looked at the

1 MR. McGUIRE: Wait a minute. That's
2 right, if read, and I find it hard to believe that
3 -- anything that was sent to us we read, and I
4 find it hard to believe that you didn't read
5 everything that was sent to you, and the burden is
6 on you, it's not upon us to demand their return.
7 The burden is on you to immediately return them.
8 MR. CROCKETT: There is an e-mail
9 which attaches several pieces of correspondence
10 from O'Connell and Aronowitz.
11 MS. RYAN: That's Steve Coffey's
12 office.
13 MR. CROCKETT: Yes. There is an
14 e-mail attached, which is a Harris Beach cover
15 letter attaching draft declarations to submit in
16 this case, and there is an e-mail discussing
17 information that Proskauer wants assembled, and I
18 can tell you that every one of those e-mails
19 discuss issues directly and central to -- directly
20 central to this case, and I would like those
21 turned over by the end of next week without
22 looking at them.
23 MR. SKOLNIK: It's hard to turn them
24 over without looking at them.
25 MR. McGUIRE: Without reading them.

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

177

179

1 You may laugh. You may smirk, but perhaps you are
 2 not familiar with RPC 4:4 which says exactly that.
 3 MR. SKOLNIK: Bill, I am familiar
 4 with every rule, including several that you make
 5 up.
 6 MR. McGUIRE: Well, Peter, that's not
 7 made up. Look at the rule. You are not allowed
 8 to read them.
 9 MR. CROCKETT: The O'Connell
 10 communication is attached to an e-mail dated July
 11 28, 2008 from Dazzle.
 12 MR. SKOLNIK: Send me a letter.
 13 MR. CROCKETT: No, I am going to do
 14 it right now. The Harris Beach document has got
 15 like a computer cover sheet that looks like this
 16 that you guys got.
 17 MR. KOFMAN: Never saw it.
 18 MR. CROCKETT: I don't know how you
 19 guys could miss it.
 20 MR. KOFMAN: Maybe I didn't open it.
 21 Maybe I didn't open the attachment.
 22 A I don't remember sending that.
 23 MR. CROCKETT: This came from you.
 24 A Are you sure?
 25 MS. RYAN: Are you sure that came

1 MR. KOFMAN: I will try and remember,
 2 but it will be helpful to just identify them by
 3 e-mail, and if you can even tell me which e-mail
 4 it was, the time it was sent, it would help me,
 5 you know, to tell you, it would help me find it
 6 amongst all those e-mails and attachments. Tell
 7 me, you know, which e-mail it is attached to, if
 8 you can.
 9 MR. CROCKETT: So with the
 10 description I have given you gentlemen, has any of
 11 the three of you looked at any of those documents?
 12 MR. KOFMAN: No.
 13 MR. SKOLNIK: No.
 14 MR. CROCKETT: How about you?
 15 MR. DOLAN: No, I don't recall.
 16 MR. SKOLNIK: Just so you are clear,
 17 Bob, this is one of two binders that I have of the
 18 production. I have begun to skim through these
 19 two binders. I have not read the documents in
 20 these binders. I really have no intention of
 21 reading the documents in these two binders, but at
 22 any rate, if you will identify, and I am not your
 23 scribe, I am not taking notes on what you are
 24 objecting --
 25 MR. CROCKETT: There is no reason to

178

180

1 from her because that may be something in the
 2 other litigation?
 3 MR. CROCKETT: Yes.
 4 MS. RYAN: I don't know.
 5 MR. KOFMAN: I can't say that it came
 6 from me or not because I have never seen it.
 7 MR. CROCKETT: There's an e-mail from
 8 Barbara Bouchey to Dazzle dated December 17, 2006
 9 with Barbara Bouchey's, you know, characteristic
 10 graphic on it that's talking about requests that
 11 Proskauer is making related to this litigation.
 12 MS. RYAN: Relating to this
 13 litigation?
 14 MR. CROCKETT: This litigation.
 15 MR. KOFMAN: One thing if I don't
 16 find them, I would certainly ask Ms. Ryan or
 17 someone to clarify whether it was produced or not
 18 because I am not sure. There seems to be some
 19 question as to whether this stuff was actually
 20 produced. Be that as it may, if it's in my
 21 possession and it's attorney/client privilege,
 22 it's coming back to you.
 23 MR. McGUIRE: Accepted.
 24 MR. CROCKETT: I am just giving you
 25 the list. I would like them back.

1 be insulting.
 2 MR. SKOLNIK: You are the most
 3 insulting human being I have ever run into, Bob,
 4 so if you would provide me with a list of the
 5 documents that you claim are attorney/client
 6 privileged, I will be happy to go through these
 7 volumes, find them, and return them to you.
 8 MR. CROCKETT: I apologize for being
 9 insulting.
 10 MR. KOFMAN: Well, as long as we
 11 don't insult the court reporter by running over,
 12 let's change the tapes.
 13 THE VIDEOGRAPHER: This completes
 14 videotape four. Off the record at 4:28 p.m.
 15 (Discussion off the record.)
 16 THE VIDEOGRAPHER: This is videotape
 17 five. Back on the record 4:34 p.m.
 18 Q Ms. Bouchey, back before that last
 19 colloquy, in your answer you mentioned
 20 conversations you had with various people about
 21 the real reason they left NXIVM. The first name
 22 that I heard you mention was Peter Fallon. What
 23 did Peter Fallon tell you was the reason he left
 24 NXIVM?
 25 A He said that Keith was having conversations

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

181

183

1 with him about how he, too, when he reached a
 2 certain level could have as many women as he
 3 wanted, and he was at a Halloween party and saw
 4 Keith come dressed with a bathrobe and a gimmick
 5 of a penis that was about that long and was going
 6 around Nancy's house with that, and he said he had
 7 recognition as he looked around the room that he
 8 realized that oh, my God, he's having sex probably
 9 with most of the women in this room, and
 10 recognized that he was one of only two men in the
 11 room, so there were numerous things about Keith's
 12 conduct with women, and as a leader, and also
 13 personal conversations with Keith about women and
 14 relationships. Secondly, he had a daughter who
 15 was in her late teens who got very disturbed
 16 because Keith was making -- was flirting and
 17 making intimate gestures towards her and
 18 conversations about a friend who had committed
 19 suicide that Peter thought was inappropriate.
 20 Also, Peter said he saw many things that were
 21 inconsistent in running of the company, meaning
 22 the way that people would conduct themselves and
 23 the material were different, and so there was lots
 24 of behavior and conduct that in his opinion did
 25 not uphold the very material that they were

1 the question.

2 Q Was it your understanding that he
 3 came to believe that the information in the
 4 articles was correct?

5 MR. LEONARD: Object to the form.

6 MR. McGUIRE: Join.

7 A The more accurate answer would be to say
 8 that some of the things in the articles he felt
 9 were true. Some of the things I don't think that
 10 he knew whether they were or not.

11 Q What was the next name that you gave?

12 A Svetlana Kauhtlin.

13 Q What did she tell you was her reason
 14 for leaving?

15 A She early on started dating Keith and
 16 didn't know about any other women that he was
 17 involved with, and she had her own business
 18 separate and aside from NXIVM, and so she wasn't
 19 aware of things intimately, and along the way of
 20 dating him and having an intimate relationship,
 21 she became aware that he was having relations with
 22 other women, and so she told him that this was not
 23 okay with her, and at that time, Nancy, Lauren,
 24 and Pam started to come in to mentor her and tell
 25 her that it was her destiny, that Keith couldn't

182

184

1 teaching such as payoffs to different people,
 2 promotion, ranking. There was favoritism and
 3 certain inconsistencies, certain ways that people
 4 were treated that he thought were punishing, and
 5 eventually, you know, he said the last straw
 6 though was Keith's conduct with the women in his
 7 conversations.

8 Q Did he mention Rick Ross or the
 9 articles at all?

10 A Yes. He said that as a product of this, he
 11 felt that that had brought upon the negativity and
 12 the cult stuff, and that he believed that, in
 13 fact, in his opinion it did take on the
 14 personality and characteristics of a cult, and
 15 that he felt as though that would continue, and
 16 that could be damaging to his -- he had a
 17 pharmacy, and that could be damaging to his
 18 professional reputation and business and
 19 ultimately his income. In addition, his wife
 20 didn't like things that she heard or saw, and she
 21 didn't want to have anything to do with it, and
 22 they had just recently got married, so.

23 Q He came to believe that the
 24 information in the articles was correct?

25 MR. LEONARD: Object to the form of

1 start a business with her unless she was in an
 2 intimate relationship with him, and that this was
 3 her issue and an attachment, and that she needed
 4 to work this, and if she were to leave that she
 5 might kill him because he was now intimately
 6 connected with her in a certain way, and so this
 7 was in part -- and then also she did actually cut
 8 off her intimate relationship with Keith, but she
 9 still wanted to do the business with him, so she
 10 did have her business. She moved it down to the
 11 New Karner Road exit because she thought maybe
 12 we -- they could have a professional relationship
 13 because the curriculum was very good, and she
 14 thought Keith was an intelligent man. However,
 15 the conduct that she observed of him, he was
 16 trying to make her jealous, and so he started to
 17 do things with women in front of her, and certain
 18 conduct, and then people, Nancy, Lauren, and Pam,
 19 and Karen, kept coming after her telling her that,
 20 you know, she needed to work this issue, and she
 21 couldn't stay in a business relationship unless
 22 she was actually intimately involved with him, so
 23 I think it was the combination of the two from
 24 what she says and things that she saw that wasn't
 25 consistent in the company about how they conducted

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

185

187

1 themselves business-wise and how they treated
2 different people including her as far as, you
3 know, kind of punishing people if they weren't
4 working their issues and things like that, so it
5 was a combination that she decided she needed to
6 leave.

7 Q Who was the next person that you
8 mentioned speaking to?

9 A Mary O'Donnell.

10 Q When did you speak to Mary O'Donnell?

11 A I have spoken to her on and off over the
12 years.

13 Q What did Mary O'Donnell tell you was
14 her reason for leaving?

15 A That there were too many inconsistencies
16 that she saw in the organization as to favoritism,
17 how they treated certain people. She didn't
18 like -- she was suspicious that Keith was having
19 intimate relationships with many of the women.
20 She didn't feel as though that that was conduct
21 that was indicative of a company that professed to
22 doing spiritual growth and ethics and leadership,
23 and she didn't like the way that certain people
24 were treated, and so in addition, her family
25 became very concerned about her, so her family

1 Q When did Carole Bergeron leave?

2 MR. CROCKETT: I don't think she's
3 finished answering the question.

4 Q I am sorry. Did I cut you off?

5 MR. CROCKETT: I would like a full
6 answer somehow.

7 A I mean there are -- let me see.

8 MR. SKOLNIK: It isn't a memory
9 test. Only what you recall today.

10 A Yes, there are others.

11 MR. CROCKETT: Now that you
12 interrupted her.

13 Q Are those the names that you remember
14 now?

15 A At this moment.

16 Q When did you speak to Carole
17 Bergeron?

18 A On and off over the years.

19 Q When did she tell you her reasons for
20 leaving?

21 A Both probably at various times over the
22 last several years. There's been numerous
23 conversations.

24 Q When did she leave?

25 A About three years ago.

186

188

1 started to apply pressure for her to leave,
2 telling her that they were convinced that she had
3 joined a cult, and that they weren't going to
4 interact with her unless she quit and came to her
5 senses, and she said that she had a recognition
6 that that was true, and so she left.

7 Q Any other people you've spoken to
8 since 2009 about their reasons for leaving NXIVM?

9 A Yes.

10 Q Who?

11 A Well, there is the nine women that left
12 with me.

13 Q Putting them aside. I am sorry.

14 A Okay. There is a woman, her name is
15 Christy Lahousen. She dated Mark Vicente for a
16 couple of years.

17 Q When did she leave?

18 A She left a month after we did. A month or
19 two.

20 Q Have you talked to anybody who left
21 before 2009 about their reasons for leaving?

22 A Toni Natalie.

23 Q Okay.

24 A Let me see. There are Carole Bergeron.

25 Kim Connelly, Wayne Bates.

1 Q What did she tell you were her
2 reasons for leaving?

3 A Then or now?

4 Q Then?

5 A Okay. Because they are different.

6 Q Okay.

7 A Then was because she didn't like the
8 inconsistencies. She felt that the higher rank
9 and Nancy were very punishing. She felt as though
10 they abused certain people. She didn't like the
11 way that they ran the company. She didn't like
12 the professional path structure, the way that
13 people were compensated. She didn't like the fact
14 that there was certain things that were not in the
15 program that were talked about such as
16 spiritualism or relationships or certain nutrition
17 and things of that nature, but mostly because she
18 didn't like the way that people acted and behaved,
19 and it was inconsistent with the message that was
20 being portrayed.

21 Q What did she tell you more recently
22 about her reason for leaving?

23 A That she was highly suspicious that Keith
24 was conducting himself in a manner that she felt
25 was not leader-like, and that she was concerned

Bouchev, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

189

191

1 about her son Shawn Bergeron and is afraid that he
2 is tutoring and mentoring him in a way that she's
3 very concerned about, and that she was suspicious
4 of different things that were going on but wasn't
5 aware of it, and so some of those things have been
6 validated since I've left.

7 Q Did she tell you that what she had
8 previously expressed to you was incorrect or that
9 there was just more to it?

10 A Ask me again.

11 Q Did she tell you that these things
12 were reasons for her leaving in addition to what
13 she had previously told you?

14 A Yes.

15 MR. KOFMAN: At this point, and
16 subject to after everyone's questioned, I have no
17 further questions.

18 CROSS-EXAMINATION BY MR. SKOLNIK:

19 Q Ms. Bouchev, I think you know I
20 represent Rick Ross, The Ross Institute, the late
21 Dr. Paul Martin, and the Wellspring Retreat. I am
22 going to start following up on some of the issues
23 that you've discussed with Mr. Kofman.

24 You testified a while ago that having read
25 or having been aware of this litigation, things

1 A Maybe I don't.

2 MS. RYAN: That's okay. Let him ask
3 another.

4 Q I'll come back to that. You told us
5 that based upon testimony that you read in the
6 transcripts of Keith Raniere, Nancy Salzman, and
7 Kristin Keefe that there was testimony that
8 Mr. Raniere was not involved in the legal cases,
9 and I think you characterized that as very
10 inaccurate?

11 A Yes.

12 MR. LEONARD: Object to form.

13 Q Can you explain why you characterized
14 that as very inaccurate?

15 MR. LEONARD: Object to form.

16 Q You can answer.

17 A Because I was present for conversations of
18 him speaking with different people, and also there
19 were my own conversations that he had with me
20 personally about the legal cases and what he was
21 doing and what he was working on and what he was
22 delegating and what he was directing, and I
23 observed Kristin and Nancy checking in with him
24 when they had legal meetings because I would be
25 with him, and he would be speaking to them, so I

190

192

1 were being alleged in the litigation that you know
2 are not true. Can you tell us what those are?

3 MR. LEONARD: Object to form.

4 MR. CROCKETT: Same here.

5 MR. MCGUIRE: Join.

6 A I am not sure I even understand the
7 question. When you said alleged, alleged?

8 Q I think I am quoting you accurately
9 that they are alleging things that you know are
10 not true. Do you remember that testimony?

11 MS. RYAN: Claiming.

12 A Right. You mean this was a conversation
13 that Keith had with me?

14 Q Yes.

15 A Okay. So my understanding is that, at
16 least this was what was portrayed to me from
17 Keith, is that Rick Ross or the group or somehow
18 was trying to allege that he was a cult leader and
19 that he was using strategies to control people, to
20 manipulate them, and not let them think or make
21 their own decisions, and so he was saying they
22 were alleging that he was doing those type of
23 things.

24 MR. CROCKETT: I don't think she
25 understands the question.

1 observed numerous talks and conversations where it
2 was clear that he was overseeing the whole thing.

3 Q What do you mean by overseeing the
4 whole thing?

5 A Meaning first off, he would speak to me
6 about his strategies, meaning what his objective
7 was and he was trying to do and the angles that they
8 were going on. He would also speak to me that he
9 wasn't pleased with some of the law firms and that
10 at times he would need to fire them or that he
11 would need to be more directly involved having the
12 conversations with the attorneys versus going
13 through Kristin and Nancy because sometimes he felt
14 that they weren't doing a good enough job, and
15 then also I was present for the phone calls that
16 he would make to them, or they would make to him,
17 to debrief him after the legal meetings that they
18 had and things that were going on.

19 Q By they you mean Nancy Salzman and
20 Kristin Keefe?

21 MR. CROCKETT: I move to strike as an
22 invasion of the attorney/client privilege.

23 Q What did he identify as his objective
24 of the lawsuit?

25 A To prove that --

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

193

195

1 MR. MCGUIRE: Let the record show I
2 am objecting to this also in violation of the
3 attorney/client privilege. The client has the
4 privilege.

5 MR. LEONARD: Same objection.

6 MR. SKOLNIK: Who is the lawyer
7 involved in this conversation?

8 MR. CROCKETT: Any further
9 questioning without an attempt to clarify or
10 delineate the presence or the non-presence of
11 lawyers to me is an invasion -- a conscious
12 invasion of the privilege.

13 MR. MCGUIRE: If I understand the
14 lady correctly, she was talking about
15 conversations with counsel.

16 MS. RYAN: No.

17 MR. MCGUIRE: Not her, conversations
18 between counsel and Mr. Ranieri.

19 Q You had conversations directly with
20 Mr. Ranieri; is that right?

21 A Yes, that is what I am referring to.

22 Q During your conversations with Mr.
23 Ranieri, were attorneys present?

24 A No.

25 Q What did he tell you about his

1 board or at the board meetings.

2 MS. RYAN: Let them make their legal
3 arguments.

4 A What's the question?

5 Q The question is what did Mr. Ranieri
6 identify to you as his objectives in this
7 litigation?

8 A Well, to prove that it was inaccurate what
9 Rick Ross was alleging, that he was not a cult
10 leader, and that we were not, NXIVM was not a
11 cult. That's number one. Number two, that he
12 wanted to have a -- an objective was to have it
13 retracted, meaning to have all those parties
14 involved, the psychiatrists, Rick Ross, and the
15 Suttons make a statement that it was inaccurate,
16 and that it wasn't valid. Also, to sue for
17 damages, so there was a financial objective that
18 he was going to achieve, and that to hopefully get
19 some good publicity out of that that would clear
20 up his name, reputation, and the reputation and
21 image of NXIVM.

22 Q You also testified that the
23 suggestion that Mr. Ranieri was not involved in
24 directing and guiding the Ross sting operation was
25 very inaccurate. What is your understanding about

194

196

1 objectives for this litigation in those
2 conversations?

3 MR. LEONARD: Objection. He may well
4 be passing along information he gained in his own
5 consultation with his attorneys. That's where the
6 problem lies.

7 MR. CROCKETT: She is on the
8 executive board. Obviously she's privy to that,
9 and she testified that she was present when
10 attorneys were on the line, when he's talking to
11 attorneys on the line.

12 A No, no, that's not what I said. What I
13 said was -- let me just be clear. I was present
14 for his conversations with Kristin and Nancy when
15 they called to debrief him about what was going
16 on.

17 MR. LEONARD: Based on their
18 conversations with company lawyers.

19 MR. CROCKETT: She's a board member.
20 She's entitled to that.

21 MR. SKOLNIK: You guys want to make
22 an application to strike her testimony, be my
23 guest.

24 Q You may answer the question.

25 A We never discussed the attorneys on the

1 his involvement in guiding the Ross sting
2 operation?

3 MR. LEONARD: Object to form.

4 Q The fact that they object does not
5 mean that you don't answer the question. It just
6 means that they are making their lawyer noises.

7 MR. MCGUIRE: Another gratuitous
8 remark.

9 A Every member -- I was present for
10 conversations where they were strategizing about
11 how they could discredit Rick Ross or how they
12 could find things on Rick Ross that would not be
13 good and/or what they could do to bring to light
14 certain things that he might be saying or doing
15 that were underhanded or not above-board or legal,
16 and also to just find out basically dirt on him,
17 any dirt they could find on him.

18 Q Who participated in those
19 conversations?

20 A What I remember for sure in the room was
21 Kristin and Keith at various times. I believe
22 that Pam Cafritz was present at times, and
23 possibly Karen. Maybe Barb Jeske. But what I
24 would say for sure, Keith, Kristin, and Pam
25 Cafritz.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

197

199

1 Q Are you familiar with the name
2 Interfor?
3 A Yes.
4 Q What is your understanding of Keith
5 Raniere's involvement in the decision to retain
6 Interfor?
7 A What I am aware of is that they had
8 found a company that could help them get
9 information that might not be readily available
10 through normal legitimate means, and I remember
11 them telling me about the gentleman, I think his
12 name is Juval, that there was some movie about him
13 that Spielberg did, or he was some famous guy or
14 something, but that he was in some higher form of
15 intelligence. I don't know if it was the CIA, but
16 it was something like that. I don't remember the
17 specifics, but that he had a background and resume
18 in surveillance or things like that where he could
19 obtain information that the average person might
20 not be able to obtain.
21 Q And were you present when Keith
22 Raniere specified what kind of information he
23 wanted to obtain?
24 A I was present. There's one conversation
25 that I remember distinctly where they were looking

1 memory of a place and a time where she was present
2 in the room isn't as vivid as it is with Kristin
3 and Keith, although there were general
4 conversations about this within the inner circle
5 about how they were going to try to nail Rick
6 Ross.
7 Q During the conversations that you
8 participated in or overheard, was Keith Raniere
9 making suggestions about how to proceed with the
10 investigation?
11 A Yes.
12 Q Was he being asked to approve
13 specific suggestions about how the investigation
14 should proceed?
15 A I don't recall language being, "Keith, do
16 you approve of this?" I recall that they were
17 talking about it as if -- it was strategizing, so
18 there were these -- I overheard these
19 conversations about strategy. I remember talk
20 about this boat and that they were going to try to
21 get him on a boat, and Kristin was maybe going to,
22 you know, be, you know, the actress and pretend
23 that she needed to be deprogrammed, and so I was
24 present to hear these conversations of them
25 brainstorming, you know, different avenues, so I

198

200

1 to get his records, his bank records, his garbage,
2 his credit cards. There is even a Canadian
3 company called Groupe Canaprobe that was hired as
4 early as this year in March to do bank sweeps on
5 Rick Ross, so I'm familiar with them wanting to
6 have for whatever reason bank information,
7 telephone records. I remember Kristin bragging
8 how she had found somebody that was able to get
9 his telephone records, and so they wanted to know
10 who he was speaking to, what he was doing, what he
11 was spending his money on. They even got his
12 garbage. I remember her telling me how somebody
13 had gotten in or gone through his garbage or
14 something, and Keith was present in the room as
15 she was -- they were talking about this, so you
16 know, so it was, you know, commonly known that
17 they were trying to find whatever means they could
18 to get a leg up or get something on Rick Ross.
19 Q So Keith and Kristin Keefe, Keith
20 Raniere and Kristin Keefe were engaged in these
21 conversations?
22 A Yes.
23 Q Was Nancy Salzman part of these
24 conversations?
25 A I don't have -- I want to say yes, but my

1 don't recall the conversation being per se from
2 Kristin and Keith, "Do you approve of this?" It
3 was generally accepted by me that they were just
4 in general talking about it.
5 Q And just to be clear, conversations
6 about trying to get Mr. Ross onto a boat and
7 Kristin Keefe portraying a woman who wanted to be
8 deprogrammed, did those take place before Interfor
9 was asked to try to put that in place?
10 MR. LEONARD: Object to the form
11 MR. McGUIRE: Object to the form.
12 A I can't say for sure.
13 Q Were you hearing about those plans as
14 prospective rather than hearing after the fact
15 that that had been suggested?
16 MR. McGUIRE: Object to the form of
17 that question.
18 A Actually, you know what, I will go back and
19 revisit the previous question. I had become aware
20 that they had found this company and this
21 gentleman, and they were strategizing, so based
22 upon that, I would say that this must have been
23 after they had hired Juval and Interfor, because
24 it was all a product after that, and it was all
25 around that same time.

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

201

203

1 Q Do you have any information about how
2 Mr. Ross's telephone records were obtained?
3 A What I recall is Kristin saying that she
4 had found a source to get her the telephone
5 records. I don't know the exact source, only that
6 she was able to obtain them.
7 Q Do you have any information about
8 Kristin Keefe having a relationship with anyone in
9 the Albany County sheriff's department?
10 A No.
11 Q But is it your understanding that
12 Kristin Keefe had her own source for getting the
13 telephone records?
14 MR. McGUIRE: Object to the form of
15 the question.
16 A I don't know whether it was her or how it
17 came to be. I overheard her saying that they had
18 obtained them, and Keith was in the room when she
19 was telling me this. I don't know the source of
20 how it was. She was kind of, you know, excited
21 about it, and just kind of, you know, going on
22 about where they are at, and what they obtained
23 and what was going on.
24 Q When Mr. Rainier heard that
25 Mr. Ross's telephone records had been obtained,

1 Canaprobe is an organization in Canada?
2 A Yes.
3 Q Was there ever any discussion in your
4 presence that under American banking laws it would
5 be inappropriate or illegal to get bank records
6 but under Canadian banking laws it would be legal?
7 A No.
8 MR. McGUIRE: Object to the form of
9 that.
10 MR. CROCKETT: Same here. That
11 misstates the law.
12 Q What is your understanding of Kristin
13 Keefe's involvement of Interfor's investigation of
14 Rick Ross?
15 MR. McGUIRE: Object to the form of
16 that question.
17 A My understanding is is that Keith would
18 brainstorm or lead these strategies and that he
19 would delegate to Kristin what to do or to
20 research. Kristin would then research or go out
21 and hire or look at different companies and come
22 back and report to him, and then based on that,
23 they would talk more, and he would think more and
24 might redirect her again, so that was the general
25 gist.

202

204

1 did he raise any objection to that?
2 A Not while I was present.
3 Q When he heard that Mr. Ross's bank
4 records had been obtained, did he raise any
5 objection about that?
6 A No.
7 Q And did you tell us a minute ago that
8 as recently as earlier this year you have some
9 understanding that another company has been found
10 to obtain further bank records of Mr. Ross's?
11 MR. McGUIRE: Object to the form of
12 that question.
13 A What I am aware of is that there's an
14 invoice from a gentleman by the name of Richard
15 Meyer, or some pronunciation of that way, who is
16 an investigator for a company called Groupe
17 Canaprobe, and that the invoice says, "Rick Ross
18 bank sweeps," and it's an invoice for \$10,000, and
19 so that's what I am aware of.
20 Q Do you have some understanding of the
21 date of that invoice?
22 A Early March 2009. March 6, I believe.
23 Q Where did you see that invoice?
24 A In the bookkeeping.
25 Q And is it your understanding that

1 Q Were the decisions being made by
2 Keith?
3 MR. LEONARD: Object to the form of
4 the question.
5 MR. CROCKETT: Same here.
6 A My impression was yes.
7 Q Are you familiar with a company
8 called Citrick & Company?
9 A Somewhat. I mean I am familiar with
10 somehow through Interfor that they had -- there
11 again, were very excited about being referred to a
12 company that they thought could do some PR and
13 connected them to certain people and help with the
14 image of the company, and I believe that that was
15 a company that could do that.
16 Q Was one of the concerns at NXIVM as
17 far as you know to investigate the suicide of
18 Kristin Snyder?
19 A Yes.
20 Q What conversations did you
21 participate in relating to that investigation?
22 A I was again present in the home where Keith
23 and Kristin live and present when Keith, Kristin,
24 Pam were present numerous times where they talked
25 about they had hired private investigators to

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

205

207

1 research her disappearance and where she went and
 2 to track different things. I was aware that they
 3 had photographs that they thought they had found
 4 that had her and her girlfriend in them on some
 5 kind of a trip in the Grand Canyon because they
 6 were showing me -- Keith was showing me the
 7 photographs, and that they had believed, or
 8 believed they had discovered through these
 9 investigators that they thought she was in a drug
 10 ring operation, and that she had used taking the
 11 course at NXIVM as an excuse to use it as an
 12 opportunity to disappear, and that they felt that
 13 it had something to do with this drug ring, and so
 14 this was ongoing for some time that the
 15 investigation, and Kristin actually flew out
 16 there. They went to a place that they thought
 17 that Kristin Snyder owned in British Columbia,
 18 Whistler, or whatever that ski resort is there. I
 19 think they thought she owned a condo or something
 20 there. I recall Kristin saying that she was going
 21 to go out there and do her own research and such,
 22 so they were very actively trying to find her. I
 23 think Kristin also took a trip to Alaska and
 24 interacted up there in the town where she was
 25 missing and conducted some of her own

1 talked about. I don't know whether the website
 2 actually showed it yet, you know, but it clearly
 3 was well underway.
 4 Q Do you have some understanding about
 5 why it is that Keith Raniere was so concerned
 6 about the Kristin Snyder suicide?
 7 MR. McGUIRE: Object to the form.
 8 MR. LEONARD: Same objection.
 9 MR. CROCKETT: Same.
 10 A My understanding was that there was a
 11 concern that it would possibly represent that the
 12 people that were conducting the workshops possibly
 13 were not trained well enough to handle such cases
 14 like this and that perhaps it would not bode well
 15 for such a thing to be attached to the program
 16 that somebody who is in that kind of a state could
 17 be triggered within the workshop because of the
 18 deep emotional work that would be done within the
 19 workshops, and so the concern was that if this was
 20 true that it certainly wouldn't look good both for
 21 the company and for the curriculum.
 22 Q Was there some perceived connection
 23 between the Kristin Snyder suicide and Rick Ross?
 24 A Not that I am aware of.
 25 Q Was there concern about the media

206

208

1 investigation and research, and I think another
 2 point that is important to clarify is that there
 3 seems to be this suicide note that Kristin Snyder
 4 left that the Times Union published in the
 5 newspaper, and the contention that the note's not
 6 authentic because Kristin had written, ESP a/k/a
 7 NXIVM, and it's been proposed that NXIVM was not
 8 in existence at that time, and the suicide was in
 9 February of 2003. That's not an accurate
 10 representation. The name NXIVM was actually
 11 developed in the summer of 2001, and in March of
 12 2002 we hired a company in New York City called
 13 Degrip Degraubay (phonetic) that I actually hired
 14 and worked with and coordinated with Keith, and we
 15 were creating branding materials, and Keith's
 16 father had already created a logo, and I have
 17 documentations from the gentleman of this company
 18 to create the logo where he was going to make a
 19 presentation to the town board in Half Moon in
 20 November of 2002 to present that we wanted to
 21 create a NXIVM center on some land that had been
 22 bought, so all of this had been done prior to
 23 2003, so it's not an accurate portrayal that that
 24 note cannot be authentic, because NXIVM did, in
 25 fact, exist, and it was a name that was being

1 reports of the Kristin Snyder disappearance?
 2 A Yes.
 3 Q Speaking of media reports, you
 4 testified earlier this morning that early on Keith
 5 Raniere was concerned about the media and that he
 6 anticipated negativity in the media; is that
 7 right?
 8 MR. LEONARD: Object to form.
 9 MR. McGUIRE: So do I.
 10 MS. RYAN: I don't think it's an
 11 accurate recollection of her testimony, but if you
 12 recall that, answer the question.
 13 Q Let me ask it this way. Did you
 14 become aware that Keith Raniere was anticipating
 15 the possibility of negativity in the media before
 16 it actually arose?
 17 MR. McGUIRE: Object to the form of
 18 that question too.
 19 A Yes.
 20 Q What did he say was his concern?
 21 A Well, he felt as though he had a past
 22 history already that was negative in the media
 23 with Consumers Buyline and things because of the
 24 class action suit and him being accused of a ponzi
 25 scheme, so he was already sensitive to such

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

209

211

1 things, and he had, as he had explained to me, was
 2 taking precautions to not have his name on things,
 3 to not have a driver's license, not driver a car,
 4 to not own anything, to have kind of a low profile
 5 kind of life, and to not be in the public too
 6 much; the reason being is that this would
 7 encourage people to connect him with the material
 8 to possibly, you know, find negative reasons to be
 9 associated, and that, you know, it was best that
 10 he kind of, you know, have the board and people,
 11 Nancy, that he worked through them instead so that
 12 he could be behind the scenes and not be as
 13 publicly present. That was one angle. The other
 14 angle was that because of his being spiritually
 15 evolved and advanced that it was -- he would say
 16 it would very hard on him to be around the general
 17 public because of the energy and that he didn't
 18 want to -- it was very draining, very difficult
 19 for him to be around people that had not been
 20 involved in the company and/or were not of a
 21 certain way, so he was very careful with how many
 22 people he exposed himself to on a regular basis by
 23 portraying that it would have an effect physically
 24 on his energy and his well-being.

25 Q I think you also testified that he

1 withdrawn.

2 Was it your understanding that Keith
 3 Raniere was concerned that Toni Natalie would
 4 state publicly things that were, in fact, true
 5 that he did not want stated?

6 MR. LEONARD: Object to form.

7 MR. McGUIRE: Join.

8 A Yes.

9 Q What things?

10 A That he was having intimate relationships
 11 with a number of people and how he conducted his
 12 life, so that was one primary concern that he had.
 13 He was also concerned that she might divulge
 14 things about how they ran their companies or how
 15 he lived his life, and then there were other
 16 concerns that he had that I took his word for it,
 17 and I didn't know if they were true or not, was
 18 that he had propagated -- he did, as well as
 19 Nancy, Kristin, Pam, Karen, and Lauren propagated
 20 that they felt that she had taken the fall, and
 21 she was a full suppressive and a sociopath and a
 22 pathological liar and a criminal and that she
 23 stole money and that they were afraid that because
 24 that was her personality type that she would be
 25 propagating things also that were maybe not true

210

212

1 had some concern that he and NXIVM would be
 2 criticized about what he was teaching people; is
 3 that right?
 4 A Yes. I mean he was concerned that mostly
 5 like that there was some kind of conspiracy within
 6 the government, that the government was aware of
 7 him, was watching him, and looking for reasons to
 8 put him out of business or, you know, do something
 9 with him. So, you know, because there were
 10 certain concepts that were talked about mostly
 11 within the inner circle and then based on how long
 12 you were around or how much you were trusted, but
 13 the concepts of your own currency, your own
 14 country, exposing and talking about government,
 15 politics, he would propagate that he didn't think
 16 that people should vote, you know, what his views
 17 were. There were a number of people in the group
 18 who he had encouraged to, if you will, get off the
 19 grid, meaning not to have a tax ID number, not to
 20 file their tax returns, so he had strong opinions
 21 about things that I think that the government
 22 would take issue with, and so he thought that it
 23 was best that he not be public to diminish that.

24 Q You testified this morning about
 25 concern about Toni Natalie and her worries --

1 about the group, so he had concerns that she might
 2 talk about things that were true or that she did
 3 know and concerns that she might make up stuff
 4 because she was, as they say, a pathological liar
 5 and a sociopath and all this stuff.

6 Q What do you mean by the fall?

7 A There is a module in the curriculum that
 8 teaches how does a person lose their conscience to
 9 know the difference between good and bad, and the
 10 module is called the fall because it takes you
 11 through an exploration of what would possibly
 12 cause someone to over time decision after decision
 13 to perhaps lose their conscience and to want to
 14 tell the truth or to know between good and bad,
 15 and somebody who had become a complete person
 16 without conscience and lacking empathy and had
 17 no -- who wanted to destroy things that were good
 18 was called someone who had taken the fall or
 19 someone that was what we called a full
 20 suppressive, meaning no consciousness for right or
 21 wrong.

22 Q You testified this morning about the
 23 fact that you were told by Keith Raniere, I think
 24 by Kristin Keefe, and Nancy Salzman, and perhaps
 25 others, that there were visions of you bearing a

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

213

215

1 child with Keith Raniere; is that correct?

2 MR. LEONARD: Object to form.

3 A Yes.

4 Q Have you ever heard that Keith

5 Raniere wrote to Toni Natalie about his visions

6 for her bearing his child?

7 A Yes.

8 Q Have you ever seen that letter?

9 A Yes.

10 Q You told us that Kristin Keefe wanted

11 to break into Toni Natalie's house to recover some

12 materials that she thought could be destructive of

13 NXIVM; is that correct?

14 A I think, yes.

15 Q Do you have any understanding about

16 whether or not this letter was one of the things

17 that she was hoping to recover?

18 MR. McGUIRE: Object to the form.

19 A I don't know if it's this letter because

20 what she had referred to was that there were

21 things that she felt would be incriminating and

22 that would not look good for Keith and things that

23 were personal, and also personal things of Keith,

24 so I don't recall her saying she wanted

25 specifically or had gotten that letter, but I did

1 knew that Toni Natalie had a photograph of Keith

2 with a bow tied around his erect penis?

3 MR. LEONARD: Object to form.

4 A More accurate -- so the answer is yes, but

5 more accurate way of saying that is that what they

6 had shared with me at that time is that they

7 thought that there were pictures of Pam with what

8 was her boyfriend, but they said that it wasn't

9 Keith but that it was her boyfriend that they

10 wanted to get.

11 Q Do you have any understanding about

12 whether or not one of the objectives of the

13 Interfor investigation of Rick Ross was to

14 determine whether or not he had copies of letters

15 from Keith to Toni Natalie or copies of

16 compromising photographs?

17 A I am not aware of that.

18 Q Did I understand you to say this

19 morning that Keith Raniere claims that he was

20 evolved before he came into this lifetime?

21 MR. LEONARD: Object to the form.

22 MR. McGUIRE: Object to form.

23 MR. CROCKETT: Object to form.

24 Q You will learn to understand that

25 whenever they don't like a question, they will

214

216

1 recall that she felt that there were things that

2 were written that were incriminating that she

3 wanted to get.

4 Q Do you know what incriminating

5 materials that she wanted to get?

6 MR. CROCKETT: Object to the form.

7 A Then or now?

8 Q Well, let's start with then.

9 A Okay. Then it was a personal nature

10 because Keith and Toni had lived together for six

11 years and had been involved, so there was

12 supposedly correspondence between them, so I don't

13 know of any letter in particular other than that

14 there were things that she felt that were in

15 writing or things that she thought might talk

16 about things. Now, it was generally accepted at

17 that time by me that the things that would be

18 incriminating is anything in writing where people

19 would become aware of how many relationships Keith

20 had with women and/or his intimate nature with

21 them. I had also heard that they thought that she

22 had photographs or things that maybe wasn't her

23 property or things that they thought wasn't good

24 and then also things that were Keith's belongings.

25 Q Did you hear that they believed or

1 object to the form.

2 MR. CROCKETT: I wonder how she could

3 probably know what he understands.

4 A Could you repeat the question?

5 MS. RYAN: Could you repeat the

6 question?

7 Q Did you testify this morning that

8 Keith Raniere claims that he was evolved before he

9 came into this lifetime?

10 A Yes, he did claim that to me.

11 Q What is your understanding of what he

12 means about being evolved before he came into this

13 lifetime?

14 A Well, he would -- because I never

15 understood this, but I would ask him all the time,

16 and he would explain to me that he had total

17 recall and retention of all of his previous lives,

18 so he knew who and what he was over the years in

19 different lifetimes, and that he knew that he was

20 coming into this lifetime to help other people

21 become enlightened and to help humanity become

22 more aware or more conscious, and that before he

23 came in that there were certain people that he had

24 made commitments to, the word was commitments to,

25 to meet up within this lifetime and to be either

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

217

219

1 their spiritual teacher, their master teacher,
 2 their guru, or in my case to be my companion and
 3 teacher and to help us evolve and grow and to help
 4 move humanity.
 5 Q Did he ever identify his vision of
 6 himself as going beyond guru to becoming some sort
 7 of deity?
 8 MR. LEONARD: Object to form.
 9 MS. RYAN: Did he state that you
 10 mean?
 11 Q Yes.
 12 A An accurate statement of that is that he
 13 shared with me that he didn't come into this life
 14 unified, but that he felt that between the ages of
 15 12 and 13, he has described to me on a number of
 16 occasions the details that he says when he became
 17 enlightened, and in his word when he uses the word
 18 enlightened, he means unified or, you know, of
 19 that kind of spiritual nature.
 20 Q Does he refer to himself as a higher
 21 power?
 22 A Yes.
 23 Q What do you understand him to mean by
 24 a higher power?
 25 A Well, now I also would like to say that he

1 them in a such a way that they could evolve
 2 because he said that he could see with every
 3 person what separated them from being enlightened,
 4 so he knew exactly what your issues were and what
 5 layers of confusions that you were stuck in that
 6 would keep you from becoming more evolved, and
 7 then he also -- you know, it's things like that.
 8 Q You talked about a couple of
 9 instances of Mr. Raniere suggesting that the
 10 actions of another individual could cause him
 11 physical harm?
 12 A Yes.
 13 Q Is it your understanding that he has
 14 a general belief that people in his organization
 15 who don't support him completely might be causing
 16 him physical harm or killing him?
 17 MR. LEONARD: Object to the form.
 18 MR. McGUIRE: Object to the form of
 19 the question.
 20 A Yes. Well, there's a more accurate answer
 21 to that.
 22 Q Please give it to us.
 23 A Not just anybody could kill him. He needed
 24 to make a commitment to that person. He needed to
 25 be connected to them in a certain way, and so

218

220

1 used to say to me that there were things that he
 2 told me that he didn't tell anybody else, and the
 3 details he told me about this time that he became
 4 enlightened he said were details that he couldn't
 5 tell other people because they wouldn't understand
 6 or they'd be afraid and that those were details
 7 that he didn't want to tell other people, so he --
 8 so what he meant by a higher being or unified was
 9 that he -- what he would say to me -- I am a math
 10 person, so he would use math and numbers with me a
 11 lot. So he would say 90 percent of what I know
 12 and what I see I can't speak about because it
 13 comes to me because I am unified, and because I am
 14 unified I have access to inform and knowledge and
 15 things about people that come to me in a
 16 unconventional fashion, but because of the type of
 17 being that I am that there's a certain code of
 18 honor or ethic that I have that I can't divulge
 19 that information to people because I would
 20 interfere with their karma, or I would interfere
 21 with their life path, but that the greatest
 22 challenge that he had was to be able to help
 23 mentor somebody to become more evolved without
 24 giving them the answer, you know, but to be able
 25 to nudge them along or give them clues or coach

1 there was only certain people that he felt had
 2 that kind of power.
 3 Q What was the nature of the connection
 4 he had to have to those people?
 5 A Some spiritual connection, either through a
 6 certain type of personal, intimate relationship
 7 and/or mentoring relationship.
 8 Q I think you testified this morning
 9 that the number of intensives that NXIVM delivered
 10 increased over the period from 2002 to 2006; is
 11 that right?
 12 A Yes.
 13 Q To the best of your knowledge, does
 14 that number continue to increase into 2009?
 15 MS. RYAN: You mean did it when she
 16 was there?
 17 Q Yes, when you were there?
 18 A I am not aware of the financials pretty
 19 much since 2007.
 20 Q Okay. Along with the increase in the
 21 numbers of intensives from 2002 to 2006, do you
 22 have knowledge about whether or not NXIVM's gross
 23 income increased over that period?
 24 A Yes, I am.
 25 Q What is that understanding?

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

221

223

1 A I am aware that it increased in those
 2 years, and then it began -- so, yes, I am aware
 3 that it increased and decreased.
 4 Q When did it begin to decrease?
 5 A Around I think either 2005 or 2006.
 6 Q And do you have any understanding
 7 about whether or not it has increased again after
 8 those decreases?
 9 A I don't have -- I would be guessing. I
 10 don't have -- I stopped actively enrolling
 11 December of 2007, so my knowledge over the last
 12 two years is limited.
 13 Q But from 2003 to 2004/2005, the gross
 14 income was increasing; is that correct?
 15 A Yes.
 16 Q Let me ask you to look again at the
 17 Salzman-17 document.
 18 MR. RYAN: I think Mr. Kofman took it
 19 back.
 20 A I just want to correct something that you
 21 said because it increased and then decreased, but
 22 I'm not sure of the exact year of the decrease,
 23 because you just said that was it 2006, and it
 24 could have been 2005 that it started to decrease.
 25 Q 2003, 2004 it increased?

1 but you have to appreciate my position. Since
 2 Bill said we are going to abide by the rules, the
 3 rule says seven hours. I am trying to accommodate
 4 that, however, since you all traveled from New
 5 Jersey, and I would like to put that on the record
 6 so the Court is well aware of that, and then let
 7 the Court rule. I am obviously not party to that
 8 litigation, but I really do think based on your
 9 past history in dealing with each other, which I
 10 haven't been involved in, you probably would have
 11 known this was a two-day deposition, so shame on
 12 whomever, but it's not shame on Barbara or me.
 13 MR. CROCKETT: I have asked counsel
 14 for the right to engage in five minutes of voir
 15 dire for attorney/client privilege. I am
 16 concerned that there has been improper contact
 17 with a former board member protected by the
 18 control group privilege, and I need to ask
 19 questions of this witness. It's not necessarily
 20 the witness's fault, but I need to question the
 21 witness so I can take measures to protect, as I
 22 must, documents that may be privileged, and that
 23 would help in the upcoming subpoena exercise to
 24 make sure that I understand what the witness has
 25 done with respect to counsel, so I request that

222

224

1 A You know, I'm not sure. I think it's
 2 probably -- because I know that's probably a
 3 critical part of this. It's probably better
 4 for --
 5 MS. RYAN: Don't guess.
 6 A I am not going to guess. I know that it
 7 increased and then decreased.
 8 MR. KOFMAN: Okay.
 9 MR. SKOLNIK: We have to change
 10 tapes. Okay.
 11 THE VIDEOGRAPHER: This completes
 12 videotape five. Off the record 5:33 p.m.
 13 (Off video record.)
 14 MR. LEONARD: Let's talk about what
 15 we are going to do.
 16 MS. RYAN: I would like to put on the
 17 record that we are offering to stay, see how far
 18 we can get tonight. I appreciate that they took
 19 long with her. We all know that happens. I
 20 think, however, you knew about your litigation.
 21 You all could have taken care of this ahead of
 22 time. You could have got it ordered ahead of time
 23 that we do to days, and we could have done them
 24 back to back. I got no other notices other than
 25 Harold's, so honestly I am not chastising anybody,

1 right for just five minutes at this time.
 2 MS. RYAN: You want to be a little
 3 more enlightening what your issue is? What former
 4 board member?
 5 MR. CROCKETT: Ms. Bouchey.
 6 MS. RYAN: Who had inappropriate
 7 contact with her?
 8 MR. CROCKETT: Well, I'd like to ask
 9 questions whether she had contact with counsel.
 10 MS. RYAN: What counsel?
 11 MR. CROCKETT: Mr. Skolnik and Mr.
 12 Kofman.
 13 MS. RYAN: Any other questions you
 14 want to ask her before we go on the record?
 15 MR. CROCKETT: That's about it.
 16 MS. RYAN: Okay. When you say
 17 counsel, she's had a lot of different counsel, so
 18 I didn't know what you were referring to.
 19 MR. CROCKETT: I would like to do
 20 that.
 21 MR. SKOLNIK: I withdraw my
 22 objection.
 23 CROSS-EXAMINATION BY MR. CROCKETT:
 24 Q Ms. Bouchey, I am going to ask you
 25 some very limited questions for now.

Bouchey, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

225

227

1 THE VIDEOGRAPHER: This is videotape
 2 six. Back on the record at 6:02 p.m.
 3 MS. RYAN: My name is Claudia Ryan.
 4 I represent Barbara Bouchey. I would just like to
 5 put on the record since I will not be privy to any
 6 conversations counsel in this litigation has with
 7 the Court that we were subpoenaed and selected
 8 this date over a month ago I believe. A subpoena
 9 was served for records, which everybody -- every
 10 counsel I should say in this room was on notice of
 11 that subpoena and the documents demanded. Those
 12 documents were provided to all counsel in
 13 compliance with the subpoena. They were e-mailed
 14 directly from Barbara Bouchey to Mr. Kofman, and I
 15 believe Mr. Kofman has represented to me, although
 16 I am not copied on all the e-mails, that he
 17 included those e-mails to you from Barbara
 18 Bouchey. Is that correct, Counsel?
 19 MR. CROCKETT: Yes.
 20 MR. SKOLNIK: Yes.
 21 MS. RYAN: I also would like to state
 22 that we've been here over seven years, and Rule
 23 30, of course, limits federal depositions to seven
 24 hours. I am a little bothered by the fact counsel
 25 in this litigation, knowing who Barbara Bouchey

1 am not sure what form it's going to take, but the
 2 agreement reached among counsel is that the
 3 documents should be sent to me for review to
 4 determine whether there is any attorney/client
 5 privilege or work product privilege to be
 6 asserted. If we do assert it, we will provide a
 7 privilege log, and we will complete that
 8 examination within five days and place Mr. Skolnik
 9 and Mr. Kofman on notice, and if any documents are
 10 to be withheld, we will produce that privilege log
 11 so that if they want to, they can present the
 12 issues to Judge Falk for resolution.
 13 MR. KOFMAN: If I may, if you could
 14 just put Mr. Landy on notice as well, the attorney
 15 for Interfor.
 16 MR. McGUIRE: I beg your pardon. But
 17 I think that's the agreement we reached.
 18 MS. RYAN: When you provide me with
 19 the information and how you want it sent, it will
 20 be sent over from Barbara Bouchey to you just as
 21 it was in Mr. Kofman's case, and I will also say
 22 the following. Who is paying this time? You are
 23 going to reimburse our costs. Who is reimbursing
 24 the costs of all the reproduction this time?
 25 MR. KOFMAN: That I think would

226

228

1 was and the role she played in this corporation,
 2 and knowing the length of depositions of persons
 3 of a similar stature who might be parties to this
 4 litigation how long they've taken, it would have
 5 behooved someone to have scheduled two days back
 6 to back. Having said that, if the Court so orders
 7 that we come back, I would just ask that any
 8 additional subpoenas for documents be resolved
 9 amongst counsel so I don't have any issues and we
 10 be given time to produce the records before we
 11 proceed. And I would like to ask counsel to
 12 request the Court some type of costs to
 13 accommodate Ms. Bouchey losing a second day of
 14 work.
 15 MR. CROCKETT: Let me respond just
 16 briefly. We had a board member deposed two days
 17 ago, and her deposition was about two hours, so I
 18 mean I had no clue how long this was going to take
 19 and how much time we'd be given, so I thought it
 20 would take a day. I honestly did.
 21 MR. McGUIRE: I just want to put on
 22 the record now that you have mentioned that you
 23 want to know what the procedure is going to be by
 24 way of responses due to the subpoena that Mr.
 25 Kofman intends to issue, or a document demand, I

1 properly fall on you. If you are getting it
 2 first, you are the one who --
 3 MR. McGUIRE: You are one demanding
 4 it.
 5 MS. RYAN: Well, then don't serve the
 6 subpoena.
 7 MR. KOFMAN: You are just going to
 8 send the e-mail to us.
 9 MR. McGUIRE: When she sends us the
 10 first set.
 11 MR. KOFMAN: I will pay your
 12 reproduction costs, Claudia, because it's my
 13 subpoena.
 14 MS. RYAN: Okay.
 15 MR. KOFMAN: But the distribution
 16 will come through Mr. McGuire.
 17 MR. McGUIRE: We'll e-mail it.
 18 MR. KOFMAN: That's fair.
 19 MR. McGUIRE: Something came to my
 20 mind and went right out of my mind, which is not
 21 unusual these days.
 22 MS. RYAN: Do you have another round
 23 of depositions already scheduled up here?
 24 MR. McGUIRE: I know what it was. I
 25 want to give you my e-mail address. wmcguire --

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

229

231

1 MS. RYAN: Is it on your card?

2 MR. McGUIRE: Yes, it should be.

3 MS. RYAN: Well, without my glasses,

4 you tell me. You will remind me of that, Mr.

5 Kofman? It will be on the subpoena?

6 MR. KOFMAN: I will endeavor to say

7 to be produced in the place of production to me

8 would be to Bill McGuire's office.

9 MS. RYAN: Vis-a-vis e-mail?

10 MR. KOFMAN: Right.

11 MR. McGUIRE: That's fine.

12 BY MR. CROCKETT:

13 Q What was the last day you were a

14 member of the executive board?

15 A I stepped down in January of 2008.

16 Q What was the first day you were a

17 member of the executive board?

18 A Sometime in 2000.

19 Q Is there any higher executive officer

20 at NXIVM other than the executive board members?

21 A Nancy and Keith.

22 Q While you were a member of the

23 executive board, did you hear conversations and

24 communications about legal strategy pertaining to

25 the various litigations NXIVM was involved in?

1 MS. RYAN: You are talking counsel in

2 this room?

3 MR. CROCKETT: Yes.

4 MS. RYAN: Why don't you ask that

5 question first, and then if she says yes, then I

6 will let you go back.

7 Q Ms. Bouche, I notice from your

8 document production that you had some e-mail

9 communications with Mr. Skolnik. Do you recall

10 that?

11 MS. RYAN: No. With Mr. -- you mean

12 Mr. Kofman?

13 Q Did you have any communications with

14 Mr. Skolnik?

15 A Only one -- not Skolnik. Kofman.

16 MR. SKOLNIK: That's me.

17 A No, I sent only e-mails --

18 Q Let's just talk about Mr. Skolnik?

19 A No.

20 Q You had no communications with

21 Mr. Skolnik?

22 A Directly?

23 Q Well, indirectly or directly?

24 A Indirectly.

25 Q How?

230

232

1 A I don't believe so.

2 Q No?

3 A We didn't discuss those on the board.

4 Q So during board meetings you never

5 discussed any litigation; is that correct?

6 A You know what, with that I'd have to say I

7 can't be sure.

8 Q Did you ever discuss the litigation

9 against Rick Ross in any of those meetings?

10 A I believe that Rick Ross might have been

11 mentioned but not sure if it's in regards to the

12 litigation, but I'm not sure.

13 MS. RYAN: If I could interrupt at

14 this point. The representation made off the

15 record, Mr. Crockett, was that you were going to

16 ask her solely right now on voir dire, and not do

17 your questioning for purposes of the deposition,

18 about whether she had any conversations with

19 counsel prior to today.

20 MR. CROCKETT: I need to --

21 MS. RYAN: You haven't done that yet.

22 MR. CROCKETT: I need to establish

23 whether she was privy to attorney information at

24 the time so then I can ask about communications

25 with counsel.

1 A Meaning somebody shared with me that as a

2 witness I was able to request transcripts.

3 Q Who was that?

4 A Joe O'Hara.

5 Q So did you have any communications

6 with anybody affiliated with Mr. Skolnik's law

7 firm before today's deposition?

8 A No, I have never spoken to any attorneys

9 sitting here, outside of Claudia.

10 Q Have you had e-mail communications

11 with Mr. Kofman?

12 A One where I sent the documents.

13 Q And how did you know that Mr. Kofman

14 was the fellow you needed to send documents to?

15 A My attorney, Claudia.

16 Q Did you ever tell Mr. Kofman that you

17 had disavowed the representation of NXIVM's

18 lawyers?

19 MS. RYAN: Objection. I am going to

20 object, and I am going to cut this off. You

21 represented, Mr. Crockett, that you don't want to

22 stay here to do her deposition. I offered to stay

23 here until midnight if you want tonight. I don't

24 see where this is going.

25 MR. CROCKETT: Under New Jersey law,

Bouche, Barbara (Vol. 1) 10/29/2009 10:32:00 AM

233

235

1 that's the rule.
 2 MR. KOFMAN: Ask her if she's ever
 3 communicated beyond that e-mail.
 4 A No.
 5 MS. RYAN: You asked all the
 6 questions. If you want to stay and do a
 7 deposition, I will stay here until midnight. You
 8 are going afield, and by the way, you're probably
 9 the only other attorney she's talked to in the
 10 room since you took her deposition for 208 pages
 11 in the Precision Development --
 12 MR. CROCKETT: That's the only
 13 question I would like to have --
 14 MS. RYAN: No, I am not going to
 15 allow you.
 16 Q Did you ever disavow with Mr. Kofman
 17 the representation of NXIVM's counsel?
 18 MS. RYAN: I don't even understand
 19 your question about disavow her counsel.
 20 MR. CROCKETT: Under New Jersey law
 21 in order for there to be an improper communication
 22 with a protected core member group, the witness
 23 has to have not disavowed any representation with
 24 the NXIVM's counsel -- or with company counsel.
 25 That's the rule.

1 CERTIFICATE OF OFFICER
 2
 3 I CERTIFY that the foregoing is a true and
 4 accurate transcript of the testimony and
 5 proceedings as reported stenographically by me at
 6 the time, place and on the date as hereinbefore
 7 set forth.
 8
 9 I DO FURTHER CERTIFY that I am neither a
 10 relative nor employee nor attorney or counsel of
 11 any of the parties to this action, and that I am
 12 neither a relative nor employee of such attorney
 13 or counsel, and that I am not financially
 14 interested in the action.
 15
 16
 17
 18 AUDREY ZABAWA, C.C.R.
 19 Certificate No. XI01410
 20 Notary Public of the State of New Jersey
 21 My Commission expires 9/18/10.
 22
 23
 24
 25
 26
 27

234

236

1 A I haven't spoken to anybody, so I don't
 2 know what you are talking about. I did an e-mail
 3 with the documents. That's all I did.
 4 Q So you never told --
 5 A I haven't had any conversations at all. I
 6 just e-mailed.
 7 Q Outside that one e-mail?
 8 A That's it.
 9 MR. CROCKETT: Okay. Today no
 10 further questions.
 11 THE VIDEOGRAPHER: This completes
 12 videotape six. Off the record at 6:12 p.m.
 13 (Concluded at 6:12 p.m.)
 14 (Reporter retained all exhibits
 15 except Bouche-2.)
 16
 17
 18
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 21
 22
 23
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1
 2 I, BARBARA BOUCHEY, have read the foregoing
 3 transcript and hereby certify that it is a true
 4 and accurate transcript of my testimony.
 5
 6
 7 BARBARA BOUCHEY
 8
 9
 10
 11
 12 Sworn and subscribed to before me
 13 this day of , 2009.
 14
 15
 16
 17 A Notary Public of the
 18 State of
 19 My Commission Expires:
 20
 21
 22
 23
 24
 25
 26

Karn, Joan (NJ)

From: Falzone, John (NJ)
Sent: Wednesday, November 03, 2010 3:48 PM
To: Karn, Joan (NJ)
Subject: FW: NXIVM v. Ross (D.N.J.)

FYI

From: Claudia Ryan [mailto:claudia.ryan@townelaw.com]
Sent: Thursday, August 05, 2010 6:09 AM
To: Falzone, John (NJ)
Subject: RE: NXIVM v. Ross (D.N.J.)

John. I received your email. I am no longer representing Ms. Bouchey. She is being represented by Richard Croak in a bankruptcy proceeding. You may want to contact him. Thanks.

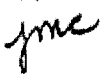
From: John.Falzone@lw.com [mailto:John.Falzone@lw.com]
Sent: Wednesday, August 04, 2010 6:21 PM
To: jean@jmcbilling.com
Cc: Claudia Ryan
Subject: Re: NXIVM v. Ross (D.N.J.)

Thank you, Ms, Churchill. My apologies for the mix-up.

From: Jean Churchill <jean@jmcbilling.com>
To: Falzone, John (NJ)
Cc: 'Claudia Ryan' <claudia.ryan@townelaw.com>
Sent: Wed Aug 04 18:19:25 2010
Subject: RE: NXIVM v. Ross (D.N.J.)

Mr. Falzone:
I have forwarded this to Claudia – but please note that her correct email address is now
Claudia.ryan@townelaw.com

Very truly yours,



Jean M. Churchill

JMC Billing and Business Services, LLC
P. O. Box 9610
Schenectady, NY 12309
(518) 810-4125

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Specializing in Insurance Defense Billing for Law Firms

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From: John.Falzone@lw.com [mailto:John.Falzone@lw.com]
Sent: Wednesday, August 04, 2010 5:51 PM
To: jean@jmcbilling.com
Subject: NXIVM v. Ross (D.N.J.)

Dear Ms. Ryan,

We represent Kristin Keeffe in the above-referenced case. I am writing to you because we would like to continue the deposition of your client, Barbara Bouchey. Because we have a relatively large group of parties/counsel in this matter, I would appreciate it if you could send me a few dates that are convenient for you and your client. I will then confirm one of those dates with the group.

I look forward to hearing from you.

Many thanks,

John M. Falzone

LATHAM & WATKINS ^{LLP}
One Newark Center, 16th Floor
Newark, NJ 07101-3174
Direct Dial: +1.973.639.7099
Fax: +1.973.639.7298
Email: john.falzone@lw.com
<http://www.lw.com>

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Milan	Washington, D.C.

September 16, 2010

VIA FEDERAL EXPRESS

Richard Croak, Esq.
314 Great Oaks Blvd.
Albany, NY 12203

Re: *NXIVM Corporation, et al. v. Sutton, et al.*,
Civil Action No. 06-1051 (D.N.J.)

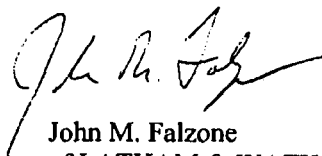
Dear Mr. Croak:

We represent Kristin Keeffe, a party, in the above litigation. In connection with this matter, we have attempted to contact you unsuccessfully several times about the deposition of your client, Barbara Bouchey, which began on October 29, 2009, but has not been completed. We are writing to schedule a date and time for the week of November 1 to complete Ms. Bouchey's deposition. We are willing to conduct the deposition at a location convenient for Ms. Bouchey.

While it is our preference to work amicably with you to arrange a mutually agreeable date and time for Ms. Bouchey's deposition, if we do not hear from you by the close of business on Thursday, September 23, we will be forced to seek a court order compelling Ms. Bouchey to attend. We sincerely hope that can be avoided.

Please call me at (973) 639-7099 to discuss the schedule.

Best Regards,



John M. Falzone
of LATHAM & WATKINS LLP

Richard Croak, Attorney at Law

314 Great Oaks Boulevard
Albany, NY 12203
518.690.4410
518.690.4435 FAX

September 17, 2010

John M. Falzone
Latham & Watkins LLP
One Newark Center
16th. FL
Newark, NJ 07102

Re: Barbara Bouchey Case #10-12207


Dear Mr. Falzone:

I received your letter today. I regret that you have not been able to reach my office earlier. We have no record of any contacts from you or your office.

As I believe, Ms. Keeffe is aware Barbara filed for bankruptcy relief on June 11, 2010. The stay which would prevent your deposition of Ms. Bouchey is still in effect and she does decline to appear and testify in any form in your proceeding.

Thank You.

Sincerely,


Richard Croak
Attorney At Law

cc: Hon. Robert E. Littlefield, Jr.

AO 88A (Rev. 06/09) Subpoena to Testify at a Deposition in a Civil Action

UNITED STATES DISTRICT COURT

for the

Northern District of New York

NXIVM CORPORATION, et al.,

Plaintiff

v.

THE ROSS INSTITUTE, et al.,

Defendant

Civil Action No. 08-CV-1051 (DMC/MF)

(If the action is pending in another district, state where:

District of New Jersey)

SUBPOENA TO TESTIFY AT A DEPOSITION IN A CIVIL ACTION

To: Barbara Bouchey

☒ **Testimony:** YOU ARE COMMANDED to appear at the time, date, and place set forth below to testify at a deposition to be taken in this civil action. If you are an organization that is *not* a party in this case, you must designate one or more officers, directors, or managing agents, or designate other persons who consent to testify on your behalf about the following matters, or those set forth in an attachment:

Place: 74 State Hotel
74 State Street
Albany, NY 12207

Date and Time:

11/08/2010 10:00 am

The deposition will be recorded by this method: videographic means

☒ **Production:** You, or your representatives, must also bring with you to the deposition the following documents, electronically stored information, or objects, and permit their inspection, copying, testing, or sampling of the material:

Documents identified in Attachment A, attached hereto.

The provisions of Fed. R. Civ. P. 45(c), relating to your protection as a person subject to a subpoena, and Rule 45 (d) and (e), relating to your duty to respond to this subpoena and the potential consequences of not doing so, are attached.

Date: 10/11/2010

CLERK OF COURT

OR

Signature of Clerk or Deputy Clerk



Attorney's signature

The name, address, e-mail, and telephone number of the attorney representing (name of party) Counter-Claim
Defendant Kristen Keefe, who issues or requests this subpoena, are:

Joan E. Kam

Latham & Watkins LLP, One Newark Center, 16th Floor, Newark, New Jersey 07102

joan.kam@lw.com (973) 639-7537

Federal Rule of Civil Procedure 45 (c), (d), and (e) (Effective 12/1/07)**(c) Protecting a Person Subject to a Subpoena.**

(1) Avoiding Undue Burden or Expense; Sanctions. A party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena. The issuing court must enforce this duty and impose an appropriate sanction — which may include lost earnings and reasonable attorney's fees — on a party or attorney who fails to comply.

(2) Command to Produce Materials or Permit Inspection.

(A) Appearance Not Required. A person commanded to produce documents, electronically stored information, or tangible things, or to permit the inspection of premises, need not appear in person at the place of production or inspection unless also commanded to appear for a deposition, hearing, or trial.

(B) Objections. A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing or sampling any or all of the materials or to inspecting the premises — or to producing electronically stored information in the form or forms requested. The objection must be served before the earlier of the time specified for compliance or 14 days after the subpoena is served. If an objection is made, the following rules apply:

(i) At any time, on notice to the commanded person, the serving party may move the issuing court for an order compelling production or inspection.

(ii) These acts may be required only as directed in the order, and the order must protect a person who is neither a party nor a party's officer from significant expense resulting from compliance.

(3) Quashing or Modifying a Subpoena.

(A) When Required. On timely motion, the issuing court must quash or modify a subpoena that:

(i) fails to allow a reasonable time to comply;

(ii) requires a person who is neither a party nor a party's officer to travel more than 100 miles from where that person resides, is employed, or regularly transacts business in person — except that, subject to Rule 45(c)(3)(B)(iii), the person may be commanded to attend a trial by traveling from any such place within the state where the trial is held;

(iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or

(iv) subjects a person to undue burden.

(B) When Permitted. To protect a person subject to or affected by a subpoena, the issuing court may, on motion, quash or modify the subpoena if it requires:

(i) disclosing a trade secret or other confidential research, development, or commercial information;

(ii) disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by a party; or

(iii) a person who is neither a party nor a party's officer to incur substantial expense to travel more than 100 miles to attend trial.

(C) Specifying Conditions as an Alternative. In the circumstances described in Rule 45(c)(3)(B), the court may, instead of quashing or modifying a subpoena, order appearance or production under specified conditions if the serving party:

(i) shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship; and

(ii) ensures that the subpoenaed person will be reasonably compensated.

(d) Duties in Responding to a Subpoena.

(1) Producing Documents or Electronically Stored Information. These procedures apply to producing documents or electronically stored information:

(A) Documents. A person responding to a subpoena to produce documents must produce them as they are kept in the ordinary course of business or must organize and label them to correspond to the categories in the demand.

(B) Form for Producing Electronically Stored Information Not Specified. If a subpoena does not specify a form for producing electronically stored information, the person responding must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms.

(C) Electronically Stored Information Produced in Only One Form. The person responding need not produce the same electronically stored information in more than one form.

(D) Inaccessible Electronically Stored Information. The person responding need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost. On motion to compel discovery or for a protective order, the person responding must show that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the court may nonetheless order discovery from such sources if the requesting party shows good cause, considering the limitations of Rule 26(b)(2)(C). The court may specify conditions for the discovery.

(2) Claiming Privilege or Protection.

(A) Information Withheld. A person withholding subpoenaed information under a claim that it is privileged or subject to protection as trial-preparation material must:

(i) expressly make the claim; and

(ii) describe the nature of the withheld documents, communications, or tangible things in a manner that, without revealing information itself privileged or protected, will enable the parties to assess the claim.

(B) Information Produced. If information produced in response to a subpoena is subject to a claim of privilege or of protection as trial-preparation material, the person making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy the specified information and any copies it has; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the court under seal for a determination of the claim. The person who produced the information must preserve the information until the claim is resolved.

(e) Contempt. The issuing court may hold in contempt a person who, having been served, fails without adequate excuse to obey the subpoena. A nonparty's failure to obey must be excused if the subpoena purports to require the nonparty to attend or produce at a place outside the limits of Rule 45(c)(3)(A)(ii).

Attachment A

1. Documents, including emails, exchanged between you and any of the following since the date you were last deposed in this case: Peter Skolnik; Harold Kofman; Rick Ross.
2. Documents including emails, exchanged between you and any of the following since the date you were last deposed in this case, which concern or refer to NXIVM or Keith Raniere: Ford Greene; Yuri Plyam; Natalia Plyam, government investigators.

PROOF OF SERVICE

UNITED STATES DISTRICT COURT for the Northern District Of New York
Case Number: 06-CV-1051 (DMC/MF)

Plaintiff: NXIVM CORPORATION, et al.
Defendant: THE ROSS INSTITUTE, et al.

DATE	PLACE
October 13, 2010 - 10:29 A.M.	U.S. Courthouse 445 Broadway Albany, New York 12207

Service of the Subpoena To Testify At A Deposition
In A Civil Action And Attachment A

SERVED: Barbara Bouchey

SERVED ON	MANNER OF SERVICE
BARBARA BOUCHEY	PERSONAL IN HAND

Witness Fee Tendered: \$60.00 Cash

SERVED BY:	Title
Arthur DelSignore	Process Server

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on

Date

Signature of Server

Avvocato Litigation Support
International, Inc.
Phone (518) 452-6404
F # 5789 - 1 (1)
C # 226309
CF# NXIVM CORPORATION

Karn, Joan (NJ)

From: Karn, Joan (NJ)
Sent: Thursday, November 04, 2010 12:17 PM
To: Karn, Joan (NJ)
Subject: FW: NXIVM Corp. v. Ross

From: Crockett, Bob (LA)
Sent: Tuesday, October 05, 2010 6:34 PM
To: Falzone, John (NJ); Karn, Joan (NJ)
Subject: FW: NXIVM Corp. v. Ross

From: Barbara Bouchey [mailto:bb@barbarabouchey.com]
Sent: Tuesday, October 05, 2010 3:31 PM
To: Crockett, Bob (LA); Skolnik, Peter L.
Subject: RE: NXIVM Corp. v. Ross

Dear Sirs,

I am in receipt of your emails below and would like to respond.

In the event you do not know, I filed for Chapter 11 Bankruptcy on June 11, 2010. At a Court Hearing on September 29, 2010, I terminated my bankruptcy attorney and am currently without representation. The Judge granted me 30 days in order to retain new counsel. In addition, in that same hearing I requested the appointment of an attorney to represent me in civil, criminal and first amendment rights. The Court ONLY granted an attorney in the area of criminal. I was instructed that I would need to file another application to appoint an attorney to represent me in other areas involving civil or first amendment rights.

I received a letter dated September 29, 2010 from an attorney, Richard Weiskoff, who is representing NXIVM Corporation that included a Summons and Complaint in an adversary proceeding by them for Injunctive and other Relief in my bankruptcy proceedings.

I am sure you can appreciate that I cannot appear at your deposition, or any other, until I have received authorization from the Court to retain an appropriate counsel to represent me. ***Therefore, I will not be attending or complying with your Subpoena dated September 28, 2010 to testify at a Deposition on October 15, 2010 in the civil action of NXIVM vs. The Ross Institute.***

Other reasons for not complying to your subpoena is it's to a non-party and you should have enclosed a check for \$35 to pay for my time and appearance. I didn't see a check enclosed or the offer of one. Also, because you want to depose me in Albany for a case in New Jersey, the subpoena should have been issued out of the Federal Court of Albany. This subpoena was issued from New Jersey, and therefore, it is improper.

Barbara J. Bouchey

From: BOB.CROCKETT@lw.com [mailto:BOB.CROCKETT@lw.com]
Sent: Tuesday, October 05, 2010 3:17 PM
To: PSkolnik@lowenstein.com; Joan.Karn@lw.com; WMcguire@tompkinsmcguire.com
Cc: RUIsamer@tompkinsmcguire.com; TDolan@lowenstein.com; Robert.Leonard@dbi.com; ASYLVESTER@RIKER.com;

HKOFMAN@RIKER.com; rlack@fklaw.com; rlandy@fklaw.com; John.Falzone@lw.com; Larry.Carlson@lw.com; Barbara Bouchey

Subject: RE: NXIVM Corp. v. Ross

I've got to have the opportunity to cross-examine her before you attempt to use her deposition.

But, if she and you want a different date, then she and you need but ask. Until I get agreement from both of you for a better date, I have no choice but to proceed.

Robert D. Crockett

LATHAM & WATKINS LLP
355 South Grand Avenue
Los Angeles, CA 90071-1560
Direct Dial: +1.213.891.8254
Fax: +1.213.891.8763
Email: bob.crockett@lw.com
<http://www.lw.com>

From: Skolnik, Peter L. [mailto:PSkolnik@lowenstein.com]

Sent: Tuesday, October 05, 2010 12:02 PM

To: Karn, Joan (NJ); Crockett, Bob (LA); McGuire Bill

Cc: RUlsamer@tompkinsmcguire.com; Dolan, Thomas S.; Robert.Leonard@dbi.com; ASYLVESTER@RIKER.com; HKOFMAN@RIKER.com; rlack@fklaw.com; rlandy@fklaw.com; Falzone, John (NJ); Carlson, Larry (LA); bb@barbarabouchey.com

Subject: Re: NXIVM Corp. v. Ross

I suspect it is highly unlikely that Barbara Bouchey will make herself available for deposition on October 15. Indeed, the subpoena attached to your notice is deficient in several respects.

However, given the unresolved status of the various attempts by NXIVM and its cohorts to impose gag orders on Ms. Bouchey, I am unwilling to continue this deposition in our case at this time.

If I don't hear from Latham by close of business today that Ms. Bouchey's deposition will be adjourned to a date convenient to the witness and all counsel, I will seek appropriate relief from the court.

Peter L. Skolnik
Member of the Firm
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068

-AND-

1251 Avenue of the Americas, 18th floor
New York, New York 10020
Tele: 973.597.2508
Fax: 973.597.2509
pskolnik@lowenstein.com
www.lowenstein.com

sent from my iPhone4

On Oct 4, 2010, at 11:33 AM, "Joan.Karn@lw.com" <Joan.Karn@lw.com> wrote:

Counsel,

Please see attached deposition notice for Barbara Bouchey.

<<DOC.PDF>>

Joan E. Karn

LATHAM & WATKINS ^{LLP}

One Newark Center, 16th Floor

Newark, NJ 07101-3174

Direct Dial: (973) 639-7537

Fax: (973) 639-7298

Email: joan.karn@lw.com

www.lw.com

<DOC.PDF>

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Latham & Watkins LLP

Karn, Joan (NJ)

From: Karn, Joan (NJ)
Sent: Thursday, November 04, 2010 1:52 PM
To: Karn, Joan (NJ)
Subject: FW: NXIVM Corp. v. Ross

-----Original Message-----

From: Crockett, Bob (LA)
Sent: Tuesday, November 02, 2010 5:10 PM
To: Karn, Joan (NJ)
Cc: Falzone, John (NJ)
Subject: FW: NXIVM Corp. v. Ross

-----Original Message-----

From: Barbara Bouchey [mailto:bb@barbarabouchey.com]
Sent: Tuesday, November 02, 2010 02:04 PM Pacific Standard Time
To: Crockett, Bob (LA)
Cc: PSkolnik@lowenstein.com
Subject: RE: NXIVM Corp. v. Ross

Mr. Crockett,

One more thing, I would request that if you should decide to file an Order with the Federal Court in Albany that you do not use the same inaccurate and untruthful allegation as below about your efforts in trying to resume this with me for a year now, unless of course, you can provide proof.

Sincerely,
Barbara

-----Original Message-----

From: Barbara Bouchey
Sent: Tuesday, November 02, 2010 5:00 PM
To: 'BOB.CROCKETT@lw.com'
Cc: PSkolnik@lowenstein.com
Subject: RE: NXIVM Corp. v. Ross

Dear Mr. Crockett,

I have now told you in two emails that I will not be attending the deposition with reasons why. Therefore, I am not sure what words I need to use to appropriately convey this deposition is not proceeding, but I am open to you authoring those words for me and I will gladly email them back to should this third attempt not suffice somehow.

As for your efforts in resuming this deposition, I beg to differ with your assessment and overgeneralization. For almost a whole year since October, 2009, neither myself or any attorney representing me has heard from you, or any other attorney in this matter, about scheduling this deposition up until recently when Mr. Croak mentioned that your office contacted him. Of course, you are welcome to provide proof of these so-called efforts prior to that - simply send me a copy for I would be interested in seeing what an attorney of mine failed to inform me of.

As mentioned, I will keep you posted on when I have successfully found an attorney who is appointed to the Court so that I can assist in finding a date workable for both myself and my civil counsel.

Sincerely,
Barbara

-----Original Message-----

From: BOB.CROCKETT@lw.com [mailto:BOB.CROCKETT@lw.com]
Sent: Tuesday, November 02, 2010 4:26 PM
To: Barbara Bouchey
Cc: PSkolnik@lowenstein.com
Subject: RE: NXIVM Corp. v. Ross

Right now your depo is proceeding unless you tell me it isn't. Then if you tell me it isn't we will have to seek an order from the federal court in Albany. Standard procedure.

We have trying for a year to resume. You haven't seen the efforts we made with your attorney I presume.

Bob Crockett

Bob Crockett
Latham & Watkins

-----Original Message-----

From: Barbara Bouchey [mailto:bb@barbarabouchey.com]
Sent: Tuesday, November 02, 2010 01:08 PM Pacific Standard Time
To: Crockett, Bob (LA)
Cc: Skolnik, Peter L.
Subject: RE: NXIVM Corp. v. Ross

Dear Mr. Crockett,

I understand that Mr. Skolnik will seek an order adjourning my deposition until I am able to secure a civil counsel. I, therefore, must await a ruling on that application as I have previously informed you.

In addition, I will be engaged in a four-day FINRA audit with my firm beginning on November 9, 2010.

I will keep you posted when I am able to retain a bankruptcy attorney who can make the appropriate application and gain a hearing before the court for me to appoint a civil attorney.

I understand that discovery in this case has been extended until March 2011, so there is plenty of time for this deposition to occur. I would like to bring to your attention that there has been an extremely long delay since October, 2009 in scheduling this deposition up until recently - so I hope that a slight delay on my part should seemingly not be a big issue.

Thanks.
Barbara

-----Original Message-----

From: BOB.CROCKETT@lw.com [mailto:BOB.CROCKETT@lw.com]
Sent: Tuesday, November 02, 2010 1:23 PM
To: Barbara Bouchey
Subject: RE: Bouchey deposition

Ms. Bouchey:

We subpoenaed you for your deposition for Nov. 8, removing your procedural objections. Do you intend to attend? I need to advise all the lawyers that will be traveling to Albany.

Thanks.

Robert D. Crockett

-----Original Message-----

From: Skolnik, Peter L. [mailto:PSkolnik@lowenstein.com]
Sent: Saturday, October 30, 2010 4:12 PM
To: BOB.CROCKETT@lw.com
Cc: Joan.Karn@lw.com; Rulsamer@tompkinsmcguire.com; Dolan, Thomas S.; Robert.Leonard@dbr.com; ASYLVESTER@RIKER.com; HKOFMAN@RIKER.com; rlack@fklaw.com; rlandy@fklaw.com; WMcguire@tompkinsmcguire.com; John.Falzone@lw.com; Larry.Carlson@lw.com
Subject: Re: NXIVM Corp. v. Ross

That will now be for Judge Falk to decide.

sent from my iPhone4

On Oct 30, 2010, at 4:01 PM, "BOB.CROCKETT@lw.com"
<BOB.CROCKETT@lw.com>
wrote:

> I will not. There is no basis for your request.

>

>

> Bob Crockett
> Latham & Watkins

>

>

>

> -----Original Message-----

> From: Skolnik, Peter L. [mailto:PSkolnik@lowenstein.com]
> Sent: Friday, October 29, 2010 09:08 PM Pacific Standard Time
> To: Karn, Joan (NJ)
> Cc: Rulsamer@tompkinsmcguire.com; Dolan, Thomas S.;
> Robert.Leonard@dbr.com; ASYLVESTER@RIKER.com; HKOFMAN@RIKER.com;
> rlack@fklaw.com; rlandy@fklaw.com; WMcguire@tompkinsmcguire.com;
> Crockett, Bob (LA); Falzone, John (NJ); Carlson, Larry (LA)
> Subject: Re: NXIVM Corp. v. Ross

>

> Counsel: this is a final request to adjourn Bouchey's deposition until

> she has authorization from the bankruptcy court to retain civil
> counsel.

>

> If I don't receive your confirmation by Monday afternoon, November
1,
> I will bring the matter to Judge Falk.
>
> Peter L. Skolnik
> Member of the Firm
> Lowenstein Sandler PC
> 65 Livingston Avenue
> Roseland, New Jersey 07068
> -AND-
> 1251 Avenue of the Americas, 18th floor
> New York, New York 10020
> Tele: 973.597.2508
> Fax: 973.597.2509
> pskolnik@lowenstein.com<mailto:pskolnik@lowenstein.com>
> www.lowenstein.com<http://www.lowenstein.com>
>
>
> sent from my iPhone4
>
>
> On Oct 29, 2010, at 8:42 PM,
> "Joan.Karn@lw.com<mailto:Joan.Karn@lw.com>"
> <Joan.Karn@lw.com<mailto:Joan.Karn@lw.com>> wrote:
>
>
> Counsel,
>
> Please be reminded that Barbara Bouchey was properly re-served and
her
> deposition is proceeding on Monday November 8, 2010.
>
>

> From: Karn, Joan (NJ)
> Sent: Thursday, October 14, 2010 11:37 AM
> To: 'Richard A. Ulsamer'; 'Skolnik, Peter L.'; 'Dolan, Thomas
S.';
> 'Leonard, Robert M'; 'Sylvester, Anthony'; 'Kofman, Harold'; 'Lack,
Robert J.'; 'Landy, Robert S.'; 'William B. McGuire'
>
> Cc: Crockett, Bob (LA); Falzone, John (NJ); Carlson, Larry (LA)
> Subject: NXIVM Corp. v. Ross
>
> Counsel,
>
> Please see attached deposition notice.
>
>
> <<DOC.pdf>>
>
> Joan E. Karn
>
> LATHAM & WATKINS LLP
> One Newark Center, 16th Floor
> Newark, NJ 07101-3174
> Direct Dial: (973) 639-7537
> Fax: (973) 639-7298
> Email: <mailto:joan.karn@lw.com>
> joan.karn@lw.com<mailto:joan.karn@lw.com>
> www.lw.com<file://www.lw.com>
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**

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> Latham & Watkins LLP

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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NXIVM CORPORATION formerly known as
EXECUTIVE SUCCESS PROGRAMS, INC.,
and FIRST PRINCIPLES, INC.,

Plaintiffs,

v.

MORRIS SUTTON, ROCHELLE SUTTON,
THE ROSS INSTITUTE, RICK ROSS a/k/a
"RICKY ROSS," STEPHANIE FRANCO,
PAUL MARTIN, PH.D., and WELLSPRING
RETREAT, INC.,

Defendants.

Civil Action No. 06-1051 (DMC)

ORDER

THIS MATTER having come before the Court upon the emergent application for a protective order adjourning the upcoming deposition of Barbara Boucheby by Peter L. Skolnik, Esq., counsel for Defendants Ross Institute, Paul Martin, Ph.D., and Wellspring Retreat, Inc., contained in a letter dated November 2, 2010 [CM/ECF No. 345]; and given the broad authority of this Court to control the scope of discovery; and for the reasons discussed with counsel on November 3, 2010; and for good cause shown;

IT IS on this 4th day of November 2010,

ORDERED that, subject to modification or amendment by another court exercising proper jurisdiction, the deposition of Barbara Boucheby is hereby **adjourned** for two (2) weeks, and shall thereafter be scheduled; and it is further

ORDERED that Peter L. Skolnik, Esq. shall advise Barbara Bouchey of the November 3, 2010, call with the Court and provide her with a copy of this Order so that she may take whatever action she deems appropriate in preparation for her deposition.

/s Mark Falk
MARK FALK
United States Magistrate Judge

Crockett, Bob (LA)

From: Barbara Bouchey [bb@barbarabouchey.com]
Sent: Friday, December 03, 2010 11:55 AM
To: Skolnik, Peter L.
Cc: Crockett, Bob (LA); WMcguire@tompkinsmcguire.com; Leonard, Robert M; Sylvester, Anthony; Harold Kofman; Lack, Robert J.; Landy, Robert S.; Dolan, Thomas S.; Knodel, Mary; 17316.3.dbiwov@worksite.windom1.pri; Douglas Brooks; Falzone, John (NJ)
Subject: Deposition on 12/20

Dear Peter,

Thank you for helping out with the scheduling and coordination of my deposition. I prefer to only have direct contact with the lawyers hired by the plaintiffs as is absolutely required.

I am prepared to come to New Jersey for the finishing of my deposition on 12/20. I previously agreed to come on 12/1 if that worked for all the lawyers. I will not agree to two more days of depositions because I think that would be extraordinarily unfair in view of the history of what has happened here. At the end of my first day of depositions I was told that one more day was required. I can't believe that is not enough.

In practical terms, the plaintiffs in this case through their lawyers have engaged in a vendetta against me that has been characterized by threats and false claims. I have been forced into bankruptcy. The plaintiffs have already deposed me 6 times in 5 different cases amounting to 30 hours of my time thus far. They recently filed adversary proceedings against me in the bankruptcy court consisting so far of 118 filings amounting to almost 1000 pages. I anticipate that I will be deposed there, as well as, in another adversarial proceeding NXIVM filed against a former NXIVM member from Seattle who was also forced into bankruptcy due to her association with them.

At each of these depositions, the plaintiffs' lawyers have been obnoxious and confrontational even where I appeared as a witness. And, each of these depositions have required me to spend money I don't have on lawyers to avoid being bullied or questions asked in such a way in an attempt to implicate me in their numerous other litigations. As a result, my testimony has often been used in NXIVM's numerous other litigations. Just last week, Mr. Crockett filed papers in NXIVM's adversarial complaint in a pending bankruptcy in Seattle involving another former NXIVM member where he wrote that one of his witnesses in that adversary proceeding was going to be me through a deposition transcript he expected to take in this case on 12/1 - the date my deposition would have been taken if Mr. Crockett and Mr. McGuire did not get their signals crossed.

I can provide the Judge with numerous examples of Mr. Crockett and or other NXIVM counsel's obnoxious and aggressive behavior towards me, which is particularly upsetting because it has nothing to do with the case you are all litigating in New Jersey. During my last four depositions, Judge Littlefield in the Northern District of New York Federal Bankruptcy Court was forced to put NXIVM's counsels on notice each time that he would be available in Chambers during my depositions because of the need for him to intervene on so many occasions.

Further, Judge Littlefield restricted the presence of NXIVM's Legal Liaison and longstanding member, Kristin Keeffe, from ever being present during any of my depositions stating, "There are many tentacles reached in other jurisdictions, other courts, other locals, but I'm not going to have it in my court." It is important to note that Mr. Crockett represents Ms. Keeffe in this proceeding and I request that she not be present during my

12/20 deposition either. Because of this continued harassment and need for Court protection - it is my intent to alert the Judge in this litigation of this history and request that he be available in the event it is required for him to intervene here as well.

I understand that the reason Mr. Crockett gives for needing a long deposition of me in this case is that he wants to ask me not about the issues in your case - but rather - about issues that will demonstrate my bias. That is absurd. My views about NXIVM and its principals are well-known. The 216 filings and thousands of pages of adversary proceedings filed by the same parties against me in various different courts since last year filled with accusations of what they allege are my improper actions towards them. I understand they must claim to have had a good faith basis to have made those accusations. Why do they get to depose me about those issues here? I am sure they will depose me in Albany in the adversary proceedings and they will have that transcript available to them, too. There have to be limits.

I am also troubled by the recent subpoena that has been served upon me in this case by the plaintiffs' lawyers. They seek all kinds of documents that have nothing to do with your case. I do not intend to provide any more documents than the voluminous material I have already provided in this and NXIVM's other cases in which I have been brought into other than any possible emails from Kofman, Skolnik and Ross since 10/29/09 unless directed to do so by the Judge.

This material I am now being asked to produce includes communications with a California lawyer named Ford Greene that are protected by the attorney-client privilege and involve a California case, unrelated to this one. It includes material involving Yuri and Natalia Plyam who are involved in a separate litigation in California and where the issues have no conceivable connection to your case. They also involve requests for information regarding government investigators. I have never contacted any government agency. Furthermore, whether any government investigator has, or has not, contacted me has nothing to do with this case and plaintiffs should not be allowed to use this deposition to accomplish improper purposes.

I am coming to New Jersey to be deposed on 12/20 at 10 a.m. I plan on bringing with me the remaining items in the subpoena and will not come back for a third day unless I am ordered to do so by the Judge.

One more point should be made. This has been an enormous burden for me and I can't afford to have the bankruptcy lawyer I hired to defend me in the adversary proceedings travel for this deposition. I am unwilling to appear with these lawyers unrepresented. I have located a New Jersey lawyer who has agreed to appear with me at this one-day deposition at a substantially reduced fee. Due to the over \$200,000 in legal fees I have paid thus far as a result of my being brought into NXIVM's numerous litigations that forced me into bankruptcy, I simply cannot afford to keep paying to protect myself from this campaign against me.

Sincerely,

Barbara Bouchey

Karn, Joan (NJ)

From: Karn, Joan (NJ)
Sent: Monday, December 13, 2010 10:38 AM
To: Karn, Joan (NJ)
Subject: FW: NXIVM v. Sutton

From: Skolnik, Peter L. [mailto:PSkolnik@lowenstein.com]
Sent: Tuesday, November 30, 2010 10:40 AM
To: Leonard, Robert M
Cc: William B. McGuire; Kofman, Harold; Landy, Robert S.; Crockett, Bob (LA); Dolan, Thomas S.; Bouchey Barbara; Sylvester Anthony
Subject: Re: NXIVM v. Sutton

Ms. Bouchey has just given me two December dates: 12/10 and 12/20.

Since Bob Leonard isn't available on the 10th (nor am I), we will set this for December 20, 10:00 a.m. at Lowenstein.

As Bob Crockett noted correctly, the dep will resume with my questioning.

Peter L. Skolnik
Member of the Firm
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
-AND-
1251 Avenue of the Americas, 18th floor
New York, New York 10020
Tele: 973.597.2508
Fax: 973.597.2509
pskolnik@lowenstein.com
www.lowenstein.com

sent from my iPhone4

On Nov 30, 2010, at 1:05 PM, "Leonard, Robert M" <Robert.Leonard@dbr.com> wrote:

I am unavailable 12/8, 9 and 10. Generally available the rest of the month.

Robert M. Leonard
Drinker Biddle & Reath LLP
A Delaware Limited Liability Partnership
500 Campus Drive
Florham Park, NJ 07932
973-549-7370 (Direct)
973-360-1100 (General)
973-360-9831 (Fax)
Robert.Leonard@dbr.com

From: Skolnik, Peter L. [<mailto:PSkolnik@lowenstein.com>]
Sent: Tuesday, November 30, 2010 12:11 PM
To: William B. McGuire
Cc: Kofman, Harold; Landy, Robert S.; Leonard, Robert M; Bob Crockett; Dolan, Thomas S.
Subject: Re: NXIVM v. Sutton

Bill: I'm not quite sure why you have passed on to me the responsibility you undertook on November 12 to secure a date from Ms. Bouchey. You know well that I don't represent her.

That said, I will undertake to get the dates you request without the need for Bob Crockett to charge into NDNY.

To save time, it will be useful to know from all of you the December dates when you're unavailable.

Peter L. Skolnik
Member of the Firm
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
-AND-
1251 Avenue of the Americas, 18th floor
New York, New York 10020
Tele: 973.597.2508
Fax: 973.597.2509
pskolnik@lowenstein.com
www.lowenstein.com

sent from my iPhone4

On Nov 30, 2010, at 10:10 AM, "William B. McGuire" <WMcguire@tompkinsmcguire.com> wrote:

Peter, please provide me with a list of dates in December when Ms. Bouchey will be available for a deposition either in Albany or New Jersey. We want to be accommodating to her but we do wish to complete her deposition by the end of December, something contemplated by Judge Falk when we spoke with him on Nov. 3.

William B. McGuire
Tompkins, McGuire, Wachenfeld & Barry, LLP
Four Gateway Center, 100 Mulberry Street
Newark, New Jersey 07102-4056
wmcguire@tompkinsmcguire.com
Main Phone: (973) 622-3000
Fax: (973) 623-7780
Direct Phone: (973) 623-7750

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Disclaimer Required by IRS Rules of Practice:

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Thank you very much.

Circular 230 Disclaimer: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or tax-related matter(s) addressed herein.

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**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF NEW YORK**

NXIVM CORPORATION, et al.,

Plaintiffs,

V.

THE ROSS INSTITUTE, et al.,

Defendants.

CIVIL ACTION NO: 06-CV-1051 (DMC/MF)

(If the action is pending in another district, state where:
District of New Jersey)

SUBPOENA TO TESTIFY AT A DEPOSITION AND TO PRODUCE DOCUMENTS

TO: Barbara Bouchey

☐ YOU ARE COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY

COURTROOM

DATE AND TIME

☒ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case.

PLACE OF DEPOSITION

Lowenstein Sandler
65 Livingston Avenue
Roseland, New Jersey 07068

DATE AND TIME

December 20, 2010 at 10:00 a.m. and
December 21, 2010 at 10:00 a.m.

The deposition shall be recorded by videographic means.

☒ YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects):

Documents identified in Attachment A, attached hereto.

PLACE

Latham & Watkins LLP
One Newark Center, 16th Floor
Newark, New Jersey 07102

DATE AND TIME

December 15, 2010 at 10:00 a.m.

☐ YOU ARE COMMANDED to permit inspection of the following premises at the date and time specified below.

PREMISES

DATE AND TIME

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rules of Civil Procedure, 30(b)(6).

ISSUING OFFICER SIGNATURE AND TITLE (INDICATE IF ATTORNEY FOR
PLAINTIFF OR DEFENDANT)

Attorneys for Counter-Claim Defendant Kristen Keefe

DATE

December 1, 2010

ISSUING OFFICER'S NAME, ADDRESS AND PHONE NUMBER

Joan E. Karn
Latham & Watkins LLP
One Newark Center, 16th Floor
Newark, NJ 07102
(973) 639-7537

(See Rule 45, Federal Rules of Civil Procedure, Parts C & D attached hereto)

Rule 45, Federal Rules of Civil Procedure,
Parts C & D:

(c) PROTECTION OF PERSONS SUBJECT TO
SUBPOENAS.

(1) A party or an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction, which may include, but is not limited to, lost earnings and a reasonable attorney's fee.

(2)(A) A person commanded to produce and permit inspection and copying of designated books, papers, documents or tangible things, or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing or trial.

(B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena or before the time specified for compliance if such time is less than 14 days after service, serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.

(3)(A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it

(i) fails to allow reasonable time for compliance;

(ii) requires a person who is not a party or an officer of a party to travel to a place more than 100 miles from the place where that person resides, is employed or regularly transacts

business in person, except that, subject to the provisions of clause (c)(3)(B)(iii) of this rule, such a person may in order to attend trial be commanded to travel from any such place within the state in which the trial is held, or

(iii) requires disclosure of privileged or other protected matter and no exception or waiver applies, or

(iv) subjects a person to undue burden.

(B) If a subpoena

(i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or

(ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party, or

(iii) requires a person who is not a party or an officer of a party to incur substantial expense to travel more than 100 miles to attend trial, the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

(d) DUTIES IN RESPONDING TO SUBPOENA.

(1) A person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.

(2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

ATTACHMENT A

DEFINITIONS

For purposes of the Instructions and Document Requests made herein, the following definitions apply:

- 1) The term “writing” is defined as a document in any form, original and all copies, hard copy or electronic or video; “electronic” includes, without limiting the foregoing, emails and text messages; writings include anything in your possession as well as anything uploaded to the internet (such as, without limiting the foregoing, Google Docs) to which you have access.
- 2) “NXIVM Parties” are NXIVM Corporation, Keith Raniere, Nancy Salzman, Lauren Salzman, Pam Cafritz, Kristin Keeffe, Karen Unterreiner, Lisa Derks, Sara Bronfman, and/or Clare Bronfman.
- 3) “Ross Parties” are Rick Ross and the Rick Ross Institute and/or any of their attorneys or agents.
- 4) “Sutton Persons” are Morris Sutton, Rochelle Sutton, Michael Sutton, Stephanie Franco, Danny Betesh, David Mandelbaum, and Aaron Kassin and/or any of their attorneys or agents.
- 5) “Anti-NXIVM Support Group” are Angela Ucci, Nina Cowell, Ellen Gibson, Jan Heim, Kathy Ethier, Sheila Cote, Kristi Lahusen, Kevin Hlas, Kim Woolhouse, Rob Chiappone, Sue White, Toni Foley (Natalie), John Tighe, Becca Friedman, and/or Susan Dones.

INSTRUCTIONS

For purposes of the Document Requests made herein, the following instructions apply:

- 1) Except as specifically provided herein, words that impart the singular shall include the plural and vice versa.
- 2) If, in responding to any Document Request, you encounter any ambiguity in construing either the Request or a definition or instruction relevant to it, set forth the matter deemed ambiguous and the construction selected or used in responding.
- 3) If you claim attorney-client privilege and withhold writings as to those exchanged between you and any of the following, please identify the attorney and the date of the withheld writing:
 - a. Peter Skolnik
 - b. Anthony Sylvester
 - c. Harold Kofman
 - d. Ford Greene

DOCUMENT REQUESTS

- 1) All writings between you and/or your attorneys on the one hand, and any of the following on the other hand:
 - a. Peter Skolnik
 - b. Anthony Sylvester
 - c. Harold Kofman
 - d. Yuri Plyam
 - e. Natalia Plyam
 - f. Joseph O'Hara
 - g. Anti-NXIVM Support Group
 - h. Ross Parties
 - i. Sutton Persons
 - j. Reporters, regarding or relating to NXIVM Parties
 - k. David Stoll
- 2) All writings which refer or relate to the NXIVM Parties, the Ross Parties, the Sutton Persons or the Anti-NXIVM Support Group created after November 2008, exchanged with any third party.
- 3) All writings which refer or relate to the NXIVM Parties, the Ross Parties, the Sutton Persons or the Anti-NXIVM Support Group, created after November 2008.
- 4) All writings constituting confidentiality agreements you signed with NXIVM.
- 5) Phone records from November 2008 to the present which reflect calls between you, on the one hand, and any of the following on the other hand:
 - a. Peter Skolnik
 - b. Anthony Sylvester
 - c. Harold Kofman
 - d. Ford Greene
 - e. Yuri Plyam
 - f. Natalia Plyam
 - g. Joseph O'Hara
 - h. Reporters
 - i. The Anti-NXIVM Support Group
- 6) Writings constituting evidence of payment from any third party to you or your attorney for any reason relating to NXIVM after April 24, 2009.
- 7) Blog or message board posts you have made which refer or relate to the NXIVM Parties.

UNITED STATES DISTRICT COURT
COURT FOR THE NORTHERN DISTRICT OF NEW YORK

COUNTY OF

NXIVM CORPORATION, ET AL.,

Plaintiff(s)

against

THE ROSS INSTITUTE, ET AL.,

Defendant(s)

CIVIL ACTION

~~XXXX~~ No. 06-CV-1051 (DMG/MF)
(ACTION IS PENDING IN THE
DISTRICT OF NEW JERSEY)AFFIDAVIT OF
SERVICE OF SUBPOENATO TESTIFY AT A DEPOSITION
AND TO PRODUCE DOCUMENTS

STATE OF NEW YORK, COUNTY OF SARATOGA

SS. The undersigned, being duly sworn, deposes and says: deponent is not a
party herein, is over 18 years of age and resides ~~xx~~ IN THE STATE OF NEW YORK

That on 12/5/10 at 1:40P. M. at 16 SILO DRIVE, WATERFORD, NEW YORK 12188

deponent served the within subpoena on
TO TESTIFY AT A DEPOSITION
AND TO PRODUCE DOCUMENTS

BARBARA BOUCHEY

witness therein named,

INDIVIDUAL

1. ☒by delivering a true copy to said witness personally; deponent knew the person so served to be the witness described in said
subpoena.

CORPORATION

2. ☐a corporation, by delivering thereat a true copy to
personally, deponent knew said corporation so served to be the corporation witness and knew said individual to be
thereof.

SUITABLE AGE PERSON

3. ☐by delivering thereat a true copy to a person of suitable age
and discretion. Said premises is witness'—actual place of business—dwelling place—usual place of abode—within the state.

AFFIXING TO DOOR, ETC.

4. ☐by affixing a true copy to the door of said premises, which is witness'—actual place of business—dwelling place—usual place
of abode—within the state. Deponent was unable, with due diligence to find witness or a person of suitable age and discretion
thereat, having called thereMAILING TO
RESIDENCE
USE WITH 3 OR 45A. ☐Within 20 days of such delivery or affixing, deponent enclosed a copy of same in a postpaid envelope properly addressed to witness
at witness' last known residence, at and deposited
said envelope in an official depository under the exclusive care and custody of the U.S. Postal Service within New York State.MAILING TO
BUSINESS
USE WITH 3 OR 45B. ☐Within 20 days of such delivery or affixing, deponent enclosed a copy of same in a first class postpaid envelope properly
addressed to witness at witness' actual place of business, at
in an official depository under the exclusive care and custody of the U.S. Postal Service within New York State. The envelope bore
the legend "Personal and Confidential" and did not indicate on the outside thereof, by return address or otherwise, that the
communication was from an attorney or concerned an action against the witness.DESCRIPTION
USE WITH
1, 2, OR 3☒

<input type="checkbox"/> Male	<input checked="" type="checkbox"/> White Skin	<input type="checkbox"/> Black Hair	<input type="checkbox"/> White Hair	<input type="checkbox"/> 14-20 Yrs.	<input type="checkbox"/> Under 5'	<input type="checkbox"/> Under 100 Lbs.
<input checked="" type="checkbox"/> Female	<input type="checkbox"/> Black Skin	<input type="checkbox"/> Brown Hair	<input type="checkbox"/> Balding	<input type="checkbox"/> 21-35 Yrs.	<input type="checkbox"/> 5'0"-5'3"	<input type="checkbox"/> 100-130 Lbs.
	<input type="checkbox"/> Yellow Skin	<input checked="" type="checkbox"/> Blonde Hair	<input type="checkbox"/> Mustache	<input type="checkbox"/> 36-50 Yrs.	<input checked="" type="checkbox"/> 5'4"-5'8"	<input checked="" type="checkbox"/> 131-160 Lbs.
	<input type="checkbox"/> Brown Skin	<input type="checkbox"/> Gray Hair	<input type="checkbox"/> Beard	<input checked="" type="checkbox"/> 51-65 Yrs.	<input type="checkbox"/> 5'9"-6'0"	<input type="checkbox"/> 161-200 Lbs.
	<input type="checkbox"/> Red Skin	<input type="checkbox"/> Red Hair	<input type="checkbox"/> Glasses	<input type="checkbox"/> Over 65 Yrs.	<input type="checkbox"/> Over 6'	<input type="checkbox"/> Over 200 Lbs.

Other identifying features:

At the time of said service, deponent paid (tendered) in advance \$ 225.00

the authorized traveling expenses and one day's witness fee.

Sworn to before me on 12/7/10

MARK E. McOLIOSKY
Notary Public, State of New York
Jesse J. McColiosky, Notary Public
Saratoga County, New York
12/12/2014

PRINT NAME BENEATH SIGNATURE
KAREN E. ROCK

License No.

Karn, Joan (NJ)

From: Karn, Joan (NJ)
Sent: Monday, December 13, 2010 11:57 AM
To: Karn, Joan (NJ)
Subject: FW: Deposition 12/20

From: Barbara Bouchey <bb@barbarabouchey.com>
To: WMcguire@tompkinsmcguire.com <WMcguire@tompkinsmcguire.com>; Robert.Leonard@dbr.com <Robert.Leonard@dbr.com>; Sylvester, Anthony <ASYLVESTER@RIKER.com>; rlack@fklaw.com <rlack@fklaw.com>; rlandy@fklaw.com <rlandy@fklaw.com>; TDolan@lowenstein.com <TDolan@lowenstein.com>; mknodel@lowenstein.com <mknodel@lowenstein.com>; 17316.3.dbiwov@worksite.windom1.pri <17316.3.dbiwov@worksite.windom1.pri>; DMBrooks@GilmanPastor.com <DMBrooks@GilmanPastor.com>; Falzone, John (NJ); Kofman, Harold <HKOFMAN@RIKER.com>; Crockett, Bob (LA); PSkolnik@lowenstein.com <PSkolnik@lowenstein.com>
Sent: Sat Dec 11 20:18:01 2010
Subject: Deposition 12/20

Dear Peter,

Last Friday I informed you that I would not appear for my deposition until Judge Falk clarified how long it would last and decided whether I had to produce documents that have nothing to do with your case and I believe are sought as part of an effort to make my life so miserable that I comply with whatever demand Mr. Crockett and his clients make of me, no matter how unreasonable.

Two days later I received Mr. Crockett's response. On Sunday afternoon, I was served again by someone under the guise of entering my open house with another subpoena from Mr. Crockett demanding I produce a voluminous amount of records far more outrageous and expansive than the previous subpoenas that, quite frankly, rendered me speechless. Not only does Mr. Crockett continue to ask for further documents – but I am now being asked to produce hundreds of documents that can easily be produced by the Plaintiff themselves and/or their members instead of from me. And, they full well know it.

In the event you are all not aware, last month there were 3 adversarial complaints launched against me in bankruptcy court (two of them by NXIVM and the Bronfman sisters) that require an "answer" between 12/17 – 12/24. I have a bankruptcy reorganization plan due the 1st week of January with other various demands prior to that. I also have a full-time job maintaining my financial planning firm with end of the year planning and reports due. Mr. Crockett continues to try to depict me as non-cooperative. The truth is that I was not called as a witness until six years after this case began, have complied with every order, have already been through a day of depositions, was ready to appear on December 1st until Mr. McGuire cancelled that date and I have been used like a pawn by the Plaintiffs who have tried to make me into something I am not by repeating the same disingenuous mantra over and over again.

My priority right now needs to be maintaining my company during a critical juncture in my Chapter 11 Bankruptcy as a result of the horrific damage the constant abuse of what these legal battles has caused me from NXIVM – my needing to confer with and get my new bankruptcy attorney I hired last week up to speed in order to meet upcoming bankruptcy deadlines - and the enormous demand of my time to defend myself against NXIVM's frivolous and baseless adversarial complaints due very soon.

So, what this last round of disagreements has caused is an undue burden of my time and has seriously jeopardized my ability to keep up with my more important priorities of maintaining a livelihood and defending myself in bankruptcy court. In fact, I have good reason to believe that these subpoenas – and numerous adversarial complaints - may very well be a deliberate intent by the Plaintiffs to place undue burdens upon me in an effort to render me unable to defend myself.

I request that we find a time after the first of the year when you can work out with my bankruptcy lawyer a way to depose me "one time" in all of the cases so that I do not have to do this over and over again. I have already been told I

may be a witness in a bankruptcy pending in Seattle - and it is clear and I can demonstrate - that NXIVM has been pressing to take my deposition in one case so that they can use it in others. I just do not think it is fair and I want each Court to know that NXIVM has plans to depose me in four different litigations, thereby, abusing the legal system to satisfy their need to take 4 different bites at the same apple. I will be requesting that I only be deposed "once" by NXIVM and the other adversaries with boundaries set for the scope, time, and documents demanded of me. It is my understanding that discovery in your case remains open until March so the only reason I can think of for rushing my deposition during Christmas week is so that the deposition can be used against me in other cases.

By way of summary, I have had no response to my e-mail to you of last week other than the service of yet another subpoena. To the best of my knowledge nobody has brought these issues to the Judge's attention. For the reasons in both emails, I do not intend to appear on the 20th until the issues raised by my earlier e-mail and this one are resolved.

Sincerely,
Barbara Bouchey

-----Original Message-----

From: Skolnik, Peter L. [mailto:PSkolnik@lowenstein.com]
Sent: Friday, December 03, 2010 3:54 PM
To: BOB.CROCKETT@lw.com
Cc: Barbara Bouchey; WMcguire@tompkinsmcguire.com; Robert.Leonard@dbr.com; ASYLVESTER@RIKER.com; HKOFMAN@RIKER.com; rlack@fklaw.com; rlandy@fklaw.com; Dolan, Thomas S.; Knodel, Mary; 17316.3.dbiwo@worksite.window1.pri; DMBrooks@GilmanPastor.com; John.Falzone@lw.com
Subject: Re: Deposition on 12/20

Bob: as Harold notes, you are once again mistaken. Further, this deposition is scheduled for New Jersey. Thus, pursuant to Rule 37(a)(2), if you "won't accept" Ms. Bouchey's position, you must seek an order from Judge Falk.

Finally, I have taken to heart your insistence -- while arguing to permit the attendance of non-parties during the last Keffe/Salzman deposition -- that depositions are to be conducted as though in open court.

Accordingly, the press corps will be invited to attend various of the future depositions in this case, beginning with Ms. Bouchey's.

sent from my iPhone4

On Dec 3, 2010, at 3:23 PM, "BOB.CROCKETT@lw.com" <BOB.CROCKETT@lw.com> wrote:

> Ms. Bouchey.
>
> I would rather you not testify at all. I didn't call you as a
> witness. It seems you voluntarily appeared for the Suttons. But
> having appeared it is my duty to cross-examine for inconsistencies and
> bias.
>
> Your subpoena requires documents and two more days. You can tell me
> you refuse but I won't accept it.
>
> As to the things said about me I dispute them. In the future I just
> won't waste more effort taking exception to your charges. I have
> spent an entire two hours examining you in the past in the California
> case (where I didn't call you either), less time than it took to

> compose your email.
>
> Bob Crockett>
> Bob Crockett
> Latham & Watkins

-----Original Message-----

From: Kofman, Harold [mailto:HKOFMAN@RIKER.com]
Sent: Friday, December 03, 2010 3:25 PM
To: 'BOB.CROCKETT@lw.com'; Barbara Bouchey; PSkolnik@lowenstein.com
Cc: WMcguire@tompkinsmcguire.com; Robert.Leonard@dbi.com; Sylvester, Anthony;
rlack@fklaw.com; rlandy@fklaw.com; TDolan@lowenstein.com; mknodel@lowenstein.com;
17316.3.dbiwov@worksite.windom1.pri; DMBrooks@GilmanPastor.com; John.Falzone@lw.com
Subject: RE: Deposition on 12/20

Bob:

A point of correction. Ms. Bouchey appeared at her deposition in 2009 pursuant to a subpoena.

-----Original Message-----

From: BOB.CROCKETT@lw.com [mailto:BOB.CROCKETT@lw.com]
Sent: Friday, December 03, 2010 3:23 PM
To: bb@barbarabouchey.com; PSkolnik@lowenstein.com
Cc: WMcguire@tompkinsmcguire.com; Robert.Leonard@dbi.com; Sylvester, Anthony; Kofman, Harold;
rlack@fklaw.com; rlandy@fklaw.com; TDolan@lowenstein.com; mknodel@lowenstein.com;
17316.3.dbiwov@worksite.windom1.pri; DMBrooks@GilmanPastor.com; John.Falzone@lw.com
Subject: RE: Deposition on 12/20

Ms. Bouchey.

I would rather you not testify at all. I didn't call you as a witness. It seems you voluntarily appeared for the Suttons. But having appeared it is my duty to cross-examine for inconsistencies and bias.

Your subpoena requires documents and two more days. You can tell me you refuse but I won't accept it.

As to the things said about me I dispute them. In the future I just won't waste more effort taking exception to your charges. I have spent an entire two hours examining you in the past in the California case (where I didn't call you either), less time than it took to compose your email.

Bob Crockett

Bob Crockett
Latham & Watkins

-----Original Message-----

From: Barbara Bouchey [mailto:bb@barbarabouchey.com]
Sent: Friday, December 03, 2010 11:52 AM Pacific Standard Time
To: Skolnik, Peter L.
Cc: Crockett, Bob (LA); WMcguire@tompkinsmcguire.com; Leonard,

Robert M; Sylvester, Anthony; Harold Kofman; Lack, Robert J.; Landy, Robert S.; Dolan, Thomas S.; Knodel, Mary; 17316.3.dbiwov@worksite.window1.pri; Douglas Brooks; Falzone, John

(NJ)

Subject: Deposition on 12/20

Dear Peter,

Thank you for helping out with the scheduling and coordination of my deposition. I prefer to only have direct contact with the lawyers hired by the plaintiffs as is absolutely required.

I am prepared to come to New Jersey for the finishing of my deposition on 12/20. I previously agreed to come on 12/1 if that worked for all the lawyers. I will not agree to two more days of

Depositions because I think that would be extraordinarily unfair in view of the history of what has happened here. At the end of my first day of depositions I was told that one more day was required. I can't believe that is not enough.

In practical terms, the plaintiffs in this case through their lawyers have engaged in a vendetta against me that has been characterized by threats and false claims. I have been forced into bankruptcy. The plaintiffs have already deposed me 6 times in 5 different cases amounting to 30 hours of my time thus far. They recently filed adversary proceedings against me in the bankruptcy court consisting so far of 118 filings amounting to almost 1000 pages. I anticipate that I will be deposed there, as well as, in another adversarial proceeding NXIVM filed against a former NXIVM member from Seattle who was also forced into bankruptcy due to her association with them.

At each of these depositions, the plaintiffs' lawyers have been obnoxious and confrontational even where I appeared as a witness. And, each of these depositions have required me to spend money I don't have on lawyers to avoid being bullied or questions asked in such a way in an attempt to implicate me in their numerous other litigations. As a result, my testimony has often been used in NXIVM's numerous other litigations. Just last week, Mr. Crockett filed papers in NXIVM's adversarial complaint in a pending bankruptcy in Seattle involving another former NXIVM member where he wrote that one of his witnesses in that adversary proceeding was going to be me through a deposition transcript he expected to take in this case on 12/1 - the date my deposition would have been taken if Mr. Crockett and Mr. McGuire did not get their signals crossed.

I can provide the Judge with numerous examples of Mr. Crockett and or other NXIVM counsel's obnoxious and aggressive behavior towards me, which is particularly upsetting because it has nothing to do with the case you are all litigating in New Jersey. During my last four depositions, Judge Littlefield in the Northern District of New York Federal Bankruptcy Court was forced to put NXIVM's counsels on notice each time that he would be available in Chambers during my depositions because of the need for him to intervene on so many occasions.

Further, Judge Littlefield restricted the presence of NXIVM's Legal Liaison and longstanding member, Kristin Keefe, from ever being present during any of my depositions stating, "There are many tentacles reached in other jurisdictions, other courts, other locals, but I'm not going to have it in my court." It is important to note that Mr. Crockett represents Ms. Keefe in this proceeding and I request that she not be present during my 12/20 deposition either. Because of this continued harassment and need for Court protection - it is my intent to alert the Judge in this litigation of this history and request that he be available in the event it is required for him to intervene here as well.

I understand that the reason Mr. Crockett gives for needing a long deposition of me in this case is that he wants to ask me not about the issues in your case - but rather - about issues that will demonstrate my bias. That is absurd. My views about NXIVM and its principals are well-known. The 216 filings and thousands of pages of adversary proceedings filed by the same parties against me in various different courts since last year filled with accusations of what they allege are my improper actions towards them. I understand they must claim to have had a good faith basis to have made those accusations. Why do they get to depose me

about those issues here? I am sure they will depose me in Albany in the adversary proceedings and they will have that transcript available to them, too. There have to be limits.

I am also troubled by the recent subpoena that has been served upon me in this case by the plaintiffs' lawyers. They seek all kinds of documents that have nothing to do with your case. I do not intend to provide any more documents than the voluminous material I have already provided in this and NXIVM's other cases in which I have been brought into other than any possible emails from Kofman, Skolnik and Ross since 10/29/09 unless directed to do so by the Judge.

This material I am now being asked to produce includes communications with a California lawyer named Ford Greene that are protected by the attorney-client privilege and involve a California case, unrelated to this one. It includes material involving Yuri and Natalia Plyam who are involved in a separate litigation in California and where the issues have no conceivable connection to your case. They also involve requests for information regarding government investigators. I have never contacted any government agency. Furthermore, whether any government investigator has, or has not, contacted me has nothing to do with this case and plaintiffs should not be allowed to use this deposition to accomplish improper purposes.

I am coming to New Jersey to be deposed on 12/20 at 10 a.m. I plan on bringing with me the remaining items in the subpoena and will not come back for a third day unless I am ordered to do so by the Judge.

One more point should be made. This has been an enormous burden for me and I can't afford to have the bankruptcy lawyer I hired to defend me in the adversary proceedings travel for this deposition. I am unwilling to appear with these lawyers unrepresented. I have located a New Jersey lawyer who has agreed to appear with me at this one-day deposition at a substantially reduced fee. Due to the over \$200,000 in legal fees I have paid thus far as a result of my being brought into NXIVM's numerous litigations that forced me into bankruptcy, I simply cannot afford to keep paying to protect myself from this campaign against me.

Sincerely,
Barbara Bouchey



LEXSEE 2007 U.S. DIST. LEXIS 75336



Analysis

As of: Dec 16, 2010

**STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY, Plaintiff, -
against - ACCURATE MEDICAL, P.C., et al., Defendants.**

CV 2007-0051 (ENV)(MDG)

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW
YORK**

2007 U.S. Dist. LEXIS 75336

October 10, 2007, Decided

October 10, 2007, Filed

PRIOR HISTORY: *State Farm Mut. Auto. Ins. Co. v. Accurate Med., P.C.*, 2007 U.S. Dist. LEXIS 74459 (E.D.N.Y., Oct. 4, 2007)

COUNSEL: [*1] For State Farm Mutual Automobile, Insurance Company, Plaintiff: Barry I. Levy, LEAD ATTORNEY, Rivkin Radler LLP, Uniondale, NY; Keir N. Dougall, LEAD ATTORNEY, Alexis Lauren Cirel, Katten Munchin Rosenman LLP, New York, NY.

For Accurate Medical, P.C., J.P. Medical, P.C., Quality Medical Health Care, Provider, P.C., Hisham Elzanaty, Defendants: Wolydymyr Starosolsky, LEAD ATTORNEY, W. M. Staroslolsky & Associates, New York, NY; Neal Eugene Wiesner, Neal Wiesner, Attorney at Law, Staten Island, NY.

For M.D. Jadawiga Pawlowski, Defendant: David N. Mair, LEAD ATTORNEY, Kaiser Saurborn & Mair, P.C., New York, NY; Neal Eugene Wiesner, Neal Wiesner, Attorney at Law, Staten Island, NY.

For M.D. David M. Burke, Defendant: Michael Steven

Kelton, LEAD ATTORNEY, David Todd Verschell, Lippman Krasnow & Kelton LLP, New York, NY.

For ALLSTAR HEALTH CARE, MANAGEMENT, INC., HEALTHY CHIROPRACTIC, P.C., Interested Partys: Wolydymyr Starosolsky, LEAD ATTORNEY, W. M. Staroslolsky & Associates, New York, NY.

JUDGES: MARILYN D. GO, UNITED STATES MAGISTRATE JUDGE.

OPINION BY: MARILYN D. GO

OPINION

ORDER

By letter dated August 27, 2007, Wolodymyr Starosolsky, Esq., moves on behalf of his clients, defendants Accurate Medical, P.C., J.P. Medical, [*2] P.C., Quality Medical Health Care Provider, P.C. (the "PC defendants"), and Hisham Elzanaty; defendant Dr.

Jadwiga Pawlowski who was his client at that time;¹ and two non-parties, Healthy Chiropractic, P.C. and Allstar Health Care Management, Inc., to quash fourteen subpoenas served on various financial institutions seeking records of these defendants and non-parties. For the following reasons, this application is denied.

1 Mr. David N. Mair subsequently replaced Mr. Starosolsky as counsel for Dr. Pawlowski. A bankruptcy stay is currently in effect with respect to defendant Dr. Pawlowski.

First, the moving parties argue that the subpoenas are premature in light of the pending motion for a stay. This argument is moot since this Court recently denied the motions for a stay filed by these and other defendants. In any event, the parties were warned at the initial conference in April that "[a]bsent further order of the court, all other discovery must proceed even if some or all of the defendants move to dismiss." See minute entry for conference on 4/10/07.

Pointing to *Rule 26(b)(2) of the Federal Rules of Civil Procedure* as authority for the proposition that the Court should limit cumulative [*3] and duplicative discovery, the moving parties argue that records concerning the financial relationships of the moving defendants and non-parties could be obtained directly from the defendants. As plaintiff notes, they do not intend to seek the same discovery from the moving defendants, if production by the subpoenaed parties is complete. Critically, it is unlikely that the moving defendants would, in fact, possess all the documents sought by plaintiff in the subpoenas, which also seek internal banking documents, including signature cards and documents relating to loans, opening and closing of accounts, wire transfers and filings with governmental agencies, including any CTRs. Moreover, nothing in the

Federal Rules of Civil Procedure requires a litigant to rely solely on discovery obtained from an adversary instead of utilizing subpoenas. See *Covey Oil Co. v. Continental Oil Co.*, 340 F.2d 993, 998 (10th Cir. 1965) ("[A] person may not avoid a subpoena by saying that the evidence sought from him is obtainable from another.").

While the moving parties are correct that not all of the material responsive to the subpoenas will be relevant, I agree with plaintiffs that the scope of the subpoenas [*4] is appropriate for ascertaining the financial relationship of the moving defendants and non-parties. See *State Farm Mut. Auto Ins. v. CPT Med. Servs.*, 375 F. Supp. 2d 141, 156 (E.D.N.Y. 2005) (ordering disclosure of defendants' financial information).

The moving defendants' final argument of burden is premature in the absence of a discovery request covering the same material. However, should plaintiff seek some of the same documents from defendants in the future, defendants' insistence that discovery should be tailored so as to avoid production of overlapping materials may prove to be unrealistic, particularly in a case such as this.

CONCLUSION

For the foregoing reasons, the motion to quash is denied.

SO ORDERED.

Dated: Brooklyn, New York

October 10, 2007

MARILYN D. GO

UNITED STATES MAGISTRATE JUDGE